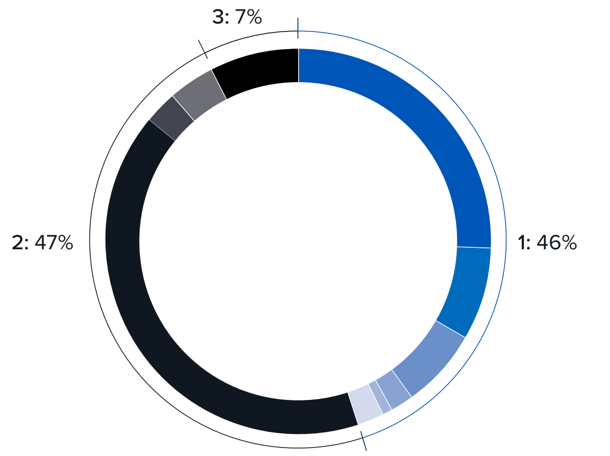
PLAYTECH'S GOAL:

TO BE THE LEADING TECHNOLOGY COMPANY IN GAMBLING & FINANCIAL MARKETS

BUSINESS OVERVIEW

€1.2bn
Total Revenue



1: B2B Gaming (€m)
- Casino: **320.1**
- Sport: **98.0**
- Services: **84.6**
- Bingo: **26.3**
- Poker: **9.6**
- Other B2B: **27.4**

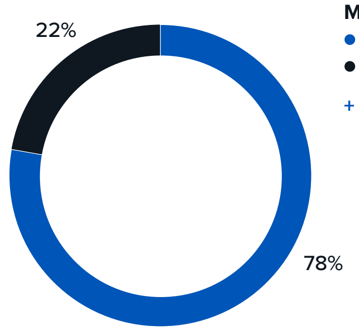
2: B2C Gaming (€m)
- Snaitech: **511.9**
- Sun Bingo: **33.7**
- Casual Gaming & Other B2C: **47.6**

3: TradeTech (€m)
- TradeTech: **92.9**

€343.0
Group Adjusted EBITDA

72.9 €cents
Adjusted diluted EPS

€256.2m
Adjusted net profit



Markets[1]
- Regulated
- Yet to be regulated

+ For more information about our markets turn to page 30

+ Read more in our Performance review on page 62

TRADETECH GROUP

The Financial division of Playtech, providing trading, platform and liquidity technology and services to brokers and end customers.

B2B and B2C

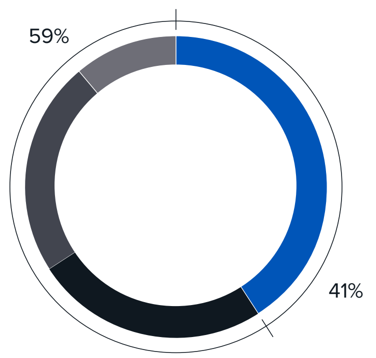
Overview
- Playtech diversified into the financial trading industry in 2015 to leverage expertise in platform technology
- B2B offering provides retail brokers a proprietary trading platform, CRM, risk management, back-office and liquidity services
- The B2C offering comprises a CFD broker (markets.com), where customers trade CFDs in forex, crypto currencies, commodities, equities, indices and bonds
- Customers in over 150 countries across the world
- Regulated under FCA (UK), FSB (South Africa), CySEC (Cyprus) & ASIC (Australia)

+ Find out more on page 56

€92.9m
Division Revenue

+60%
Existing Customer Activity

€29.5m
Adjusted EBITDA



TradeTech Revenue by Vertical (%)
- B2C: **41%**

B2B
- Liquidity Offering: **25%**
- Execution and risk management: **23**
- Full turnkey offering: **11%**

GAMBLING DIVISION

The Gambling Division is our core business, bringing innovative products and data-driven technology to licensees and end customers.

Business to Business (B2B)

Overview
- Revenue share model to fully partner with licensees in B2B
- Design, development and distribution of software, content, platform technology and services to the online and land-based gambling industry
- Over 140 licensees globally including a number of leading operators in the gambling industry, for example, Bet365, Caliente, Codere, GVC/Ladbrokes Coral, Fortuna and Sky Betting & Gaming
- Award-winning omni-channel technology offering, providing unrivalled liquidity and market-leading jackpots across all major product verticals
- Advanced information management system platform (IMS) allowing single user accounts and increased cross-selling
- Big data capabilities and collection via data analytics platform
- Unique marketing, operational support, advisory and CRM services

+ Find out more on page 36

Business to Consumer (B2C)

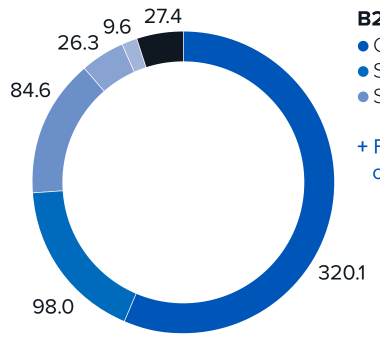
Overview
- Strategic investments or white-label agreements with media or operator brands or through directly operated brands in select markets
- Three parts: Snaitech, Sun Bingo (and other white-label) and Casual Gaming/other B2C
- Snaitech is a leading operator in the Italian gaming and betting market
- Sun Bingo consists of a strategic partnership with News UK
- Casual Gaming via multiple brands, including the Narcos game franchise

+ Find out more on page 50

€1,147.5m
Division Revenue

€566m
B2B Revenue

€252.6m
B2B Adjusted EBITDA

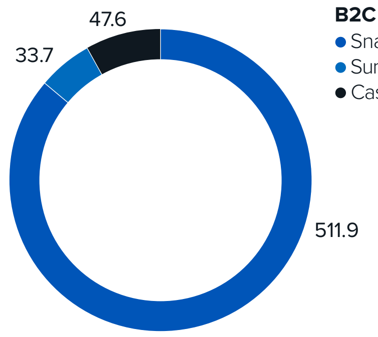


B2B Revenue by Vertical[1] (€m)
- Casino
- Sport
- Services
- Bingo
- Poker
- Other B2B

+ For more information about our offering turn to pages 40 to 49

€593.2m
B2C Revenue

€60.9m
B2C Adjusted EBITDA



B2C Revenue by Vertical[1] (€m)
- Snaitech
- Sun Bingo
- Casual Gaming & Other B2C

1: playtech-ir.production.investis.com/~/media/Files/P/Playtech-IR/results-reports-webcasts/2018/20181001-project-smart-roadshow-presentation-vf.pdf

INDUSTRY LEADER OF SOFTWARE

Founded in 1999 and premium listed on the Main Market of the London Stock Exchange, Playtech is a market leader in the gambling and financial trading industries. Playtech has offices in 17 countries with c.5,800 employees.

PLAYTECH TODAY

A connected company is a successful company. Working across 17 offices across the globe means sharing a core set of values that drives all of us.

5,800
Employees

UK
Bingo
Casual
Content development
Sports

Denmark
TradeTech

Australia
Eyecon
Geco Gaming
GenerationWeb

Austria
Sports

28
Regulated Jurisdictions

Italy
Videobet
Snaitech

Israel
Support services

Philippines
Live
Player support
Risk management

Latvia
Live

17
Offices

Cyprus
Finance
Marketing services
Sports
TradeTech

Russia
Casual

Gibraltar
B2C
Casino
Marketing services

Isle of Man
Head Office
Internal Audit

Ukraine
Casino & mobile

Estonia
Casino
IMS
Videobet

More than
140
B2B Gaming Licensees

Bulgaria
Player support
Poker
Sports

Sweden
Sports

Romania
Live

How We Work

As a gambling company, we have a responsibility to our end users to ensure they have the tools necessary and are safeguarded against threats to both their well-being, and their account. So we ensure that we always remain ahead of the curve when it comes to responsibility in our market.

+ See how on page 24

+ Find out more about our Company on our website at: www.playtech.com

CHAIRMAN'S STATEMENT

AN IMPROVED FINANCIAL PROFILE

Alan Jackson
Non-Executive Chairman

This has been an extremely important year in the growth and development of Playtech. The year has produced many challenges for Playtech and the industries we operate in, making our achievements this year all the more critical to our longer-term success. Playtech has continued to improve its quality of earnings, has delivered strategic progress in fast-growing markets, has an improved financial profile and continued to develop its corporate governance through the evolution of the Board. This progress lays the foundations for long-term, sustainable growth and shareholder value in 2019 and beyond.

Notwithstanding challenges to the market in Asia and regulatory headwinds in the UK and Italy, Playtech reported a 54% increase in Group revenue and a 7% increase in Group Adjusted EBITDA. The landmark acquisition of Snaitech, completed in June 2018, delivered the Board's strategic objective to improve the quality and diversification of Group revenue, while delivering exposure to high-growth end markets and was a key part of achieving this growth. The sustained move from unregulated to regulated revenue has delivered an improved investment profile for the Group, with more than 80% of Group revenue now derived from regulated activity.

Revenue in regulated B2B markets grew by 12% at constant currency in 2018. Operational progress in new and existing regulated markets is a testament to Playtech's strength in regulation and compliance in the gambling industry, as well as its commercial capabilities. During 2018, Playtech further strengthened its position in the UK, launching a new omni-channel brand to the market and launched in the European growth markets of Poland and Switzerland. Playtech also partnered with leading retail brands to deliver their first online casino offerings as well as working with existing licensees in Sweden following new regulation. In Latin America, Playtech continued to execute its strategic advantage in the region by signing a new agreement with Sportium Colombia to provide its sportsbook technology across the retail and online environments. This progress lays the foundations for future growth in the core B2B Playtech business.

An important part of the Group's improved profile in 2018 has been our progress in delivering a more efficient balance sheet. Following the realisation of value from the sales of the GVC and Plus500 stakes, in October the Company completed the issuance of its first public-rated corporate bond, raising €530 million to refinance the Snaitech acquisition, achieving interest cost savings and greater flexibility and efficiency for the Group's balance sheet.

The progress on balance sheet efficiency and sustained fiscal control, coupled with the Group's continued high levels of cash generation, has allowed the Board to introduce greater balance and flexibility into its shareholder return policy by transitioning to a balance of dividends and share buybacks. Following shareholder engagement, the Board believes it is in the interest of all shareholders to reallocate part of our capital returns into share buybacks. Following the adoption of the policy, the Board has approved an initial share buyback programme of up to €40 million and a final dividend of 12.0 €cents per share.

The global gambling industry continues to develop and evolve at pace, presenting opportunities and challenges for Playtech and its partners.

Central to Playtech's progress and growth has been a track record of open and constructive dialogue with its shareholders, and 2018 has seen the Board continue high levels of engagement to continue important progress on Corporate Governance. To meet the changing demands of the Company, the Board has also evolved significantly in that time and has played an important role in shepherding the Company through its rapid change.

As part of this ongoing progress it was announced in July 2018 that Susan Ball would join the Board and Chair the Audit Committee. Susan brings experience of the European online gambling space, having previously been on the board of Kambi Group plc and before that having served as CFO of Unibet Group plc. Further to the appointment of Susan, in August 2018 former Sportech plc CEO Ian Penrose joined the Board and has taken over as Chair of the Remuneration Committee, a role in which he has conducted high levels of shareholder engagement. Ian brings deep sector experience, having led a strategic repositioning and business turnaround at Sportech plc.

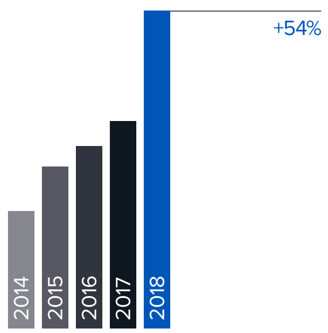
Susan's and Ian's appointments represent two important steps forward for the Board in 2018, and the Board is continuing to look to add high-quality non-executives in 2019 to match the Company's needs, with the support of a professional search firm.

Looking ahead into 2019, Playtech is able to present ever greater opportunities to all stakeholders, providing a platform for further progress in 2019 and beyond.

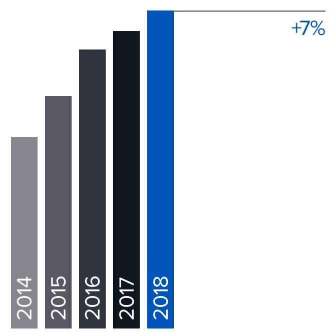
Alan Jackson
Non-Executive Chairman

20 February 2019

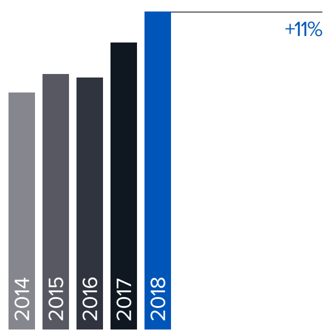
FINANCIAL HIGHLIGHTS



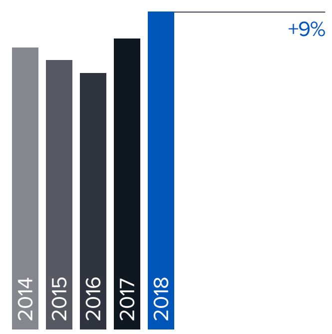
€1,240m
Revenue
(2017: €807.1m)



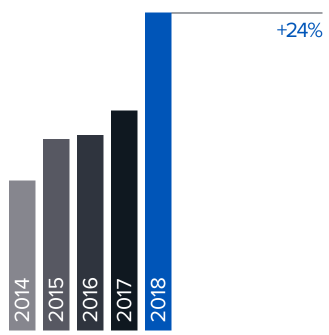
€343.0m
Adjusted EBITDA[1]
(2017: €322.1m)



€256.2m
Adjusted net profit[2]
(2017: €231.4m)



72.9 €cents
Adjusted diluted EPS
(2017: 66.8 €cents)



78%
Group regulated revenue
(2017: 54%)

For more information

+ **Chief Executive Officer's review** page 16
+ **Financial review** page 62
+ **Risks & uncertainties** page 68

1 Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions, finance costs on acquisitions, deferred tax on acquisitions, unrealised changes in fair value of equity investments recognised in the period income statement, non-cash accrued bond interest and additional various non-cash charges. The Directors believe that the adjusted profit, which includes realised fair value changes recognised in the income statement in the period on equity investments disposed of in the period, represents more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 6.

2 Attributable to the owners.

HIGHLIGHTS OF THE YEAR

Throughout 2018, we worked tirelessly towards our goal to be the leading technology company in regulated markets, focusing on our three strategic priorities.

Strategic Priorities:

1. Scale & Distribution
2. Innovation
3. Use of Data

+ Read more about our evolved business model and strategy on page 12

PLAYTECH BGT SPORTS WINS ONLINE SPORTS BOOK PLATFORM DEALS WITH PORTUGAL'S SANTA CASA & SPORTIUM IN COLOMBIA

In February 2018, Portugal's lottery monopoly Santa Casa da Misericórdia de Lisboa appointed Playtech to provide the technology for its new online gaming arm.

The multi-year agreement with SAS will see Playtech integrate its data-driven IMS player management platform and single wallet functionality into SAS's operation, powering its entire online offering with an integrated solution.

Also in the first half of 2018, Playtech continued to execute on its strategic advantage in Latin America by signing a new agreement with Sportium Colombia to provide its sportsbook technology across the retail and online environments in the new and emerging regulated market.

Link to strategy: Scale & Distribution

Ladbrokes

PLAYTECH DELIVERS OMNI-CHANNEL SINGLE ACCOUNT ACROSS GVC LADBROKES ESTATE

In March, Playtech BGT Sports announced it completed the integration of Ladbrokes Self Service Betting Terminals into the Playtech IMS player management platform, enabling its players to use one account and one wallet across all online, mobile and retail products.

Link to strategy: Innovation

PLAYTECH LAUNCHES MULTI-MARKET SHARED LIQUIDITY POKER NETWORK

In November, Playtech announced the launch of its shared liquidity poker network in France and Spain. Partnering with Betclic and Unibet in France, and Bet365, Betfair, Casino Barcelona and Sportium in Spain, Playtech's network becomes the first B2B poker network across the two territories, both of which represent major regulated poker markets.

Link to strategy: Scale & Distribution

PLAYTECH LAUNCHES SPORTING LEGENDS™ THE SUITE FOR CROSS SELL WITH DAILY, WEEKLY AND MEGA JACKPOTS

February saw Playtech launch another of its omni-channel content campaigns with the Sporting Legends™ suite utilising iconic sporting heroes alongside some of the biggest events in sport, including The Cheltenham Festival (March 2018), The Grand National (April) and The World Cup (June 2018). The series saw games including Frankie Dettori Sporting Legends, World Cup Top Trumps and Ronnie O'Sullivan Sporting Legends slot that delivered unique, industry-first jackpot functionality that guarantees daily, weekly and mega jackpots 24/7, 365 days a year.

Link to strategy: Innovation

PLAYTECH LAUNCHES OMNI-CHANNEL CLOVER ROLLOVER INTO 128 GALA BINGO CLUBS

Clover Rollover is the first of many popular titles to make the transition from Playtech's leading portfolio of dynamic online bingo slots to retail, ensuring players can access and enjoy their favourite bingo games, anywhere, anytime and on any device.

Link to strategy: Innovation

BUZZ BINGO AND PLAYTECH LAUNCH GROUNDBREAKING PLATFORM

In October 2018, Buzz Bingo launched its new Playtech-powered omni-channel bingo platform. Playtech has collaborated closely with Buzz Bingo since the brand's high-profile launch earlier this year, offering players a range of Bingo variants and a wide selection of Playtech Casino content. Backed by Playtech's IMS platform, the solution includes a comprehensive CRM toolset, with Playtech's new Engagement 360 platform, giving Buzz Bingo the power to design and fully optimise end-to-end player journeys.

The move will allow players to use their retail accounts to play online, and vice versa, using a single wallet for all channels, while also creating a single customer management and CRM activity view for Buzz Bingo.

Link to strategy: Scale & Distribution

PLAYTECH INTEGRATES FEATURESPACE'S REAL-TIME GAME-PLAY FRAUD DETECTION INTO IMS

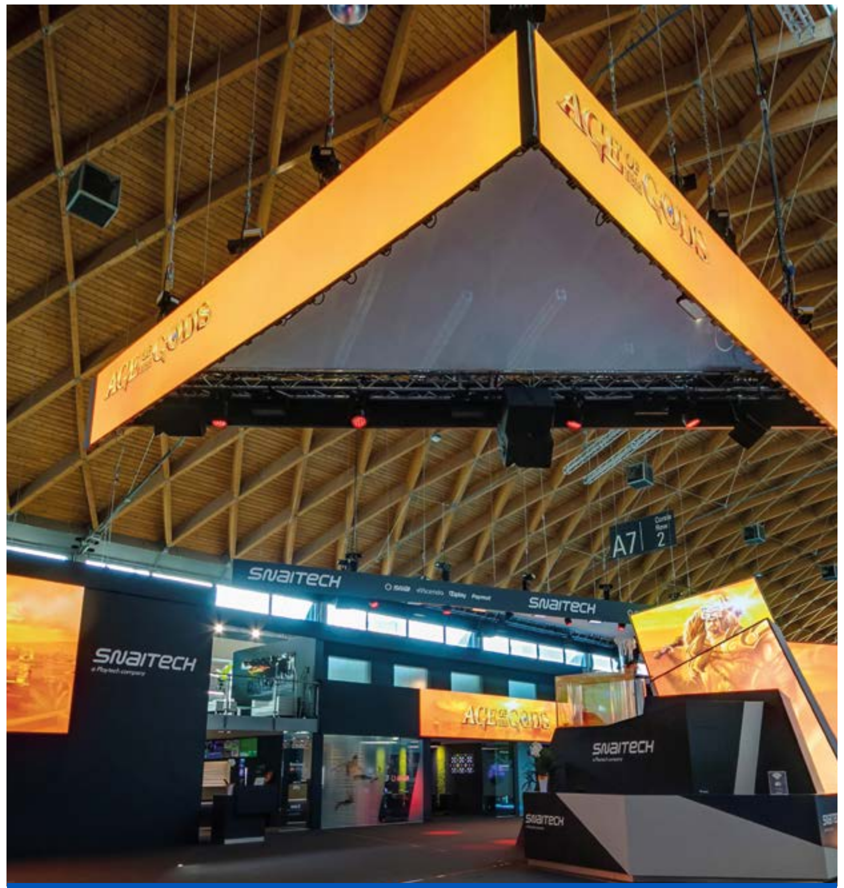
Early in 2018, Playtech announced it had completed the integration of Featurespace's machine-learning fraud detection tools into its powerful Information Management System (IMS) player management platform, enabling licensees to instantly identify and reduce fraud. The real-time, individual change (ARIC) technology understands each player's individual behaviour and automatically evaluates risk. By monitoring player behaviour, the technology instantly identifies new fraudulent attacks. At the same time, ARIC reduces the number of genuine, incorrectly sanctioned customers – significantly reducing poor player experience.

Link to strategy: Use of Data

POLAND'S TOTALIZATOR SPORTOWY SELECTS PLAYTECH FOR ONLINE CASINO LAUNCH

March saw Playtech announce it was awarded the exclusive contract with Poland's 60-year-old state-owned operator Totalizator Sportowy following a successful public tender process. The contract includes integrating Playtech's award-wining casino platform, best-performing games portfolio and supporting Totalizator Sportowy with its range of marketing and consultancy services.

Link to strategy: Scale & Distribution



PLAYTECH ACQUIRES ITALIAN TECHNOLOGY COMPANY AND **LEADING BRAND SNAITECH**

The landmark acquisition of Snaitech, completed in June 2018, delivered the Board's strategic objective to improve the quality and diversification of Group revenue, whilst delivering exposure to high growth end markets and was a key part of achieving this growth. The sustained move from unregulated to regulated revenue has delivered an improved investment profile for the Group with more than 80% of Group revenue now derived from regulated activity.

Find out more about Snaitech at: **www.snaitech.it**

Or on page 50 to 54

Link to strategy: Scale & Distribution

CONTINUED PROGRESS IN BALANCE SHEET EFFICIENCY AND IMPROVED FISCAL MANAGEMENT

In October, the Company completed the issuance of its first public rated corporate bond, raising €530 million to refinance the Snaitech acquisition, achieving interest cost savings and greater flexibility and efficiency for the Group's balance sheet. This followed the realisation of value from the sales of stakes in GVC and Plus500.

OUR AWARDS

This year Playtech has won a number of industry awards, recognising our products and services across Casino, Live Casino, Poker and Bingo.

10
Wins

PLAYTECH WINS TOP B2B HONOUR AT MALTA IGAMING EXCELLENCE AWARDS

In May 2018, Playtech was awarded the top B2B prize at the second annual Malta iGaming Excellence Awards (MIGEA). The B2B Gaming Excellence Award recognised a series of technological innovations, industry-first features and exclusive content developed by Playtech.

Link to strategy: Scale & Distribution

RESPONSIBLE GAMBLING & COMPLIANCE LEADERSHIP ACKNOWLEDGED AT GAMBLING COMPLIANCE AWARDS

At the second annual Gambling Compliance Regulatory Awards, Playtech's Head of Regulatory Affairs and Compliance, Ian Ince, was named Chief Compliance Officer of the Year. The judges highlighted Ian's emphasis on staff buy-in and focus on leadership and change. Additionally, BetBuddy was awarded the RegTech Provider of the Year Award.

Link to strategy: Use of Data

PLAYTECH WINS INAUGURAL CASINO PLATFORM SUPPLIER AWARD AT EGR ITALY AWARDS

In August 2018, Playtech was announced the winner of the Casino Platform Supplier Award at the first-ever EGR Italy Awards. The award honours innovation in platform technology, plus the integration, scalability, stability and flexibility of that technology.

Link to strategy: Innovation

PLAYTECH'S DOUBLE AWARD WIN AT THE EGR B2B AWARDS

September 2018 saw Playtech win two awards at the EGR B2B Awards which honour the very best online gaming service providers across all major disciplines. Platform of the Year is one of the key awards of the event, highlighting the power of a gaming platform to deliver innovation, commercial growth and flexibility, as well as supporting key compliance and Responsible Gambling initiatives.

Link to strategy: Innovation

DOUBLE WIN FOR PLAYTECH LIVE AT ROMANIA'S CASINO LIFE & BUSINESS AWARDS

The Playtech Live team ended the year scooping up two awards at the Casino Life and Business Awards in Romania, with wins in the major categories of Best Online Services Provider and Best Studio. Romania is home to one of five Playtech Live Casino facilities worldwide.

Link to strategy: Scale & Distribution

BEST ONLINE BINGO SOFTWARE AWARD FROM WHICHBINGO

For the third year running, in June 2018, Playtech was voted Best Online Bingo Software provider at the WhichBingo Awards, honouring the leading operators and technology providers in the online Bingo industry.

Link to strategy: Scale & Distribution

DOUBLE WIN! WOMEN IN GAMING & DIVERSITY AWARDS

Playtech scored a double win at the ninth Women in Gaming (WiG) and Diversity Awards – designed to promote inclusion and gender equality in the industry. Kam Sanghera, Playtech's Head of Tax, won the Star of the Future award, while Lucy Owen, Head of Account Management, was honoured as Industry Pride of the Year – the only award not open for direct nominations and chosen entirely by the panel.

Find out more about the Women in Gaming & Diversity Awards at: **www.gaming-awards.com/wig**

STRATEGIC REPORT

A STRATEGY FOR GROWTH

In this section, we demonstrate how we run our business and how we create value for the shareholders and stakeholders.

HOW WE CREATE VALUE

Our mission in the gambling industry is to be the leading technology company in regulated markets, delivering sustainable long-term growth for our licensees and continuing to add new licensees in existing and new markets. We are delivering on this goal by making strides in three strategic areas.

1 SCALE & DISTRIBUTION

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

+ See page 50 to see our strategy in action.

2 INNOVATION

Continue to be a source for innovation in the industry, delivering new content and new ways for end customers to experience content across different channels and product verticals (pioneer of omni-channel technology and integrated content). While continuing to produce industry-leading and engaging content which will drive player engagement in regulated markets.

+ See page 39 to see our strategy in action.

3 USE OF DATA

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

+ See page 24 to see our strategy in action.

Growth Opportunities

Continued progress in these three strategic areas delivers the Group with significant growth opportunities:

STRUCTURAL GROWTH

Growth of existing licensees & partners

- Playtech partners with leading operators and brands, and currently has more than 140 licensees globally in its B2B business – providing structural growth opportunities

+ Find out more in our Gambling Market Overview on page 30

- Utilising its expertise in regulated markets, Playtech can work with licensees ahead of regulation to launch existing partners in newly regulated markets

CROSS-SELL

Cross-sell product to existing customers

- Playtech's focus and delivery on product innovation allows it to constantly deliver engaging and market-leading content, across the most popular product verticals in the industry, such as Casino, Live Casino, Sports and Bingo – this continues to deliver opportunities to grow its existing agreements with current licensees as their needs continue to develop with the market

NEW PARTNERS

New licensees & partners

- By executing on its strategy (left), Playtech continues to cement its position as the technology infrastructure of the gambling industry, investing in new technology and delivering the possibility to work with new partners in new and existing markets, such as Buzz Bingo in 2018

+ Read more in our CEO's Report on page 16

NEW REGULATION

New regulated markets

- By continuing to strive to be the leading technology company in regulated markets, Playtech continues to be a partner of choice for existing and new brands in new markets, such as its agreement in 2018 to partner with Swiss Casino ahead of the new licensing regime in Switzerland

+ Read more on regulation updates in our CEO's Report on page 16

Business Management & Monitoring

Regulation and Responsibity
Responsible business practices are critical to protecting our licences to operate and to delivering long-term commercial success.

+ Find out more on page 72

Risk Management
Our risk management framework provides a structured and consistent process for identifying, assessing and responding to risks throughout the business.

+ Find out more on page 68

Governance
High standards of corporate governance contribute to Playtech's continued success.

+ Find out more on page 82

OUR STRENGTHS

Playtech believes it has significant competitive advantages that will be important factors in maintaining and further developing its business, including:

EXPERTS

Expert in regulated markets
Playtech is an expert at operating in regulated markets with an established presence in various key regulated markets worldwide, including the UK, Italy, Spain, Greece, Denmark and Finland and, more recently, in newly regulated markets such as Mexico, Bulgaria and Romania. Following the acquisition of Snaitech in Italy, regulated markets accounted for 78% of the Group's combined revenue in 2018. This expertise positions Playtech well to enter jurisdictions which are expected to regulate soon. We have an agreement in place with Holland Casino (Netherlands), and are awaiting confirmation of a licence in New Jersey as a first step in the US market.

INNOVATION

Track record of innovation
A pioneer of innovation, Playtech launched the industry's first seamless customer wallet in 2011, the pioneering omni-channel platform in 2014, the 'golden chip' bonusing system in 2015 and the Gaming Platform as a Service (GPAS) in 2017. Playtech's omni-channel technology enables it to develop new content in a faster, more cost-effective manner. Alongside organic innovation, the Group has also innovated through key strategic acquisitions.

TECHNOLOGY

Scalable proprietary technology
Playtech's technology is highly scalable in terms of product development and distribution. New licensees and partners can also be on-boarded and integrated via the 'IMS' platform with limited further investment. The scale of the platform, across over 140 licensees globally, allows Playtech to collect non-personal and player behavioural data which powers one of the industry's most powerful player management systems, enabling Playtech's truly omni-channel offering, Playtech ONE. Alongside a comprehensive product portfolio and global expertise, the Group's scalable, proprietary technology make it an attractive partner.

DIVERSIFIED

Diversified technology company
With a broad customer base and presence in all major verticals and numerous geographies, the Group's gambling division is also diversified across B2B and B2C segments. The B2B segment is further diversified through various verticals from casino, sports, bingo, poker and services. The B2C segment generates its revenue from gaming machines, retail betting and online gaming. As at 31 December 2018, the Group had over 140 licensees globally and, in 2018, the combined Group revenues were split geographically across UK (21%), Italy (43%), Rest of Europe (10%), Asia (14%) and Rest of the world (12%).

TRACK RECORD

Strong financial track record
Playtech has a strong financial track record of significant revenue, profits and cash generation. For example, Playtech has grown revenues from €385.3 million in 2013 to €1,240.4 million in 2018 and Adjusted EBITDA from €159.4 million in 2013 to €343.0 million in 2018.

EXPERIENCE

Highly experienced management team
Playtech has a highly experienced senior management team with significant industry knowledge and a track record of success in regulated markets.

STRATEGY IN ACTION: SHOWCASING INNOVATION

ICE London

For Playtech, ICE is much more than a trade show focused on new customers; it is an opportunity to showcase Playtech to all our stakeholders, including regulators, shareholders, media and our own employees from around the globe.

At ICE, we continued to present our leadership in the industry through:

- The continued evolution of Playtech ONE; particularly the integration of retail Bingo and Sports into IMS, highlighted by Playtech BGT Sports joining us on the main stand for the first time and the presentation of our omni-channel bingo solution
- Our content creation and discovery suite – POP, GPAS and Marketplace – coming to life, and being recognised with the Supplier Innovation Award at the Gaming Intelligence Awards
- The ongoing platform integration of BetBuddy, plus real-time interventions, raising standards in Responsible Gambling with industry-leading BI (business intelligence) and AI machine learning
- The development of our Engagement Centre and Engagement 360 platform, using real-time, data-driven interactions to fully customise the player journey
- The integration of several new SAAS-POP partners, bringing specialist services from carefully selected third parties to our licensees. Highlighted by the showcase of Gamification across both Sports and Gaming

CHIEF EXECUTIVE OFFICER'S REVIEW

STRATEGIC & OPERATIONAL PROGRESS IN REGULATED MARKETS

Mor Weizer
Chief Executive Officer

Strategy update

Playtech has conducted a thorough review of its position in the industry over the last six months.

It is clear that Playtech has achieved significant growth in recent years, thereby extending our scale. The Company believes it has an unparalleled set of assets within the industry. Playtech has delivered this by balancing operating in regulated and unregulated markets, using the cash generated from the higher-margin unregulated business to extend its lead by investing in its technology and through M&A, while also returning significant amounts to shareholders.

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

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

- Core B2B
- Core B2C
- Asia
- TradeTech

Core B2B: While Playtech's B2B business has a very strong set of assets, the Company must also adjust to the evolving industry landscape. In particular the Company believes that a significant portion of its addressable market is untapped.

The core strategy of Playtech's B2B gaming business is to focus on higher-margin regulated opportunities, with Sports, Casino and Live Casino being of greatest importance. Playtech will continue to support existing licensees with better tools and new technologies to provide them with greater flexibility in running their businesses.

Playtech intends to focus on higher-margin opportunities going forward, which includes new customers in both existing regulated markets and newly regulated markets, through structured agreements and wherever market dynamics allow.

Playtech will also focus on unchartered territories going forward. It estimates that there are over 1,000 sites globally today that do not take a single Playtech game. The Group has invested significantly in R&D in recent years to enhance its leading technology, allowing a faster and cheaper time to market for its licensees. This investment, and resulting benefit, will be essential for tapping into these unchartered markets.

Core B2C: Playtech's core B2C business comprises primarily of Snaitech in Italy, but also its Sun Bingo operation, its Casual Gaming business and the HPYBET B2C sport business in Germany and Austria. Playtech will continue to focus on selected B2C opportunities globally, while maintaining a strong focus on Snaitech and its business in Italy.

It is clear that Playtech has achieved significant growth in recent years, thereby extending our scale. The Company believes it has an unparalleled set of assets within the industry.

Asia: Playtech's B2B gaming business in Asia is different and isolated from the rest of the Company. It operates a different business model whereby it provides only content to the market. As an unregulated business it is also higher-margin and more highly cash generative compared to other parts of the Group. The cash generated from this business will continue to be used to cement its position in regulated markets as well as returns to shareholders.

TradeTech: Playtech continues to believe that TradeTech is a highly attractive asset. It is a growth business that contributes to the overall EBITDA of the Group. However, the Group recognises it is less understood by many of our investors, who are more focused on the gaming part of the business. In addition, it has a different business model to other CFD firms, as TradeTech operates as both a B2B and B2C business.

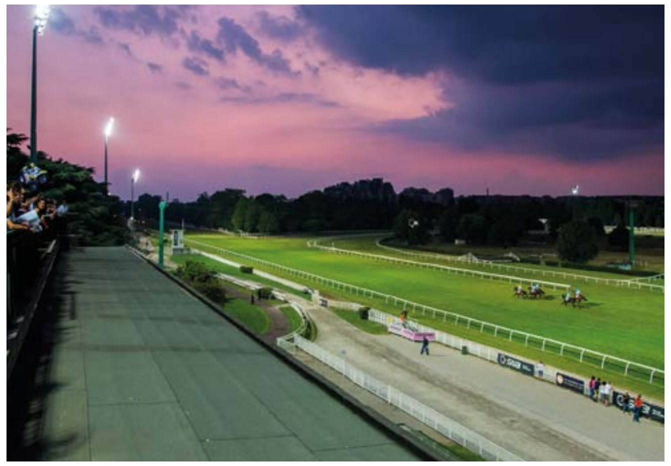
Regulated markets and future markets

In 2018, regulated revenue increased to 78% of total gaming revenue. The increase in regulated revenue is a result of the continued progress the Company has made on the strategic goals outlined above as well as the acquisition of Snaitech in 2018. Playtech continues to lead the way in regulated markets and actively promotes regulation in future and emerging markets. Regulated markets in Europe, Latin America and the US are key to our continued growth. The Company is focused on raising industry standards and enabling a fairer, safer and more sustainable sector, where Playtech's regulated markets-focused capabilities have an advantage. The company intends to increase its scale and distribution in these markets by signing new licensees.

Europe:
The UK is another key market for Playtech, where the strength of Playtech ONE provides it with a strategic advantage and a cornerstone presence. The Company's extended agreement with Gala Leisure, to launch a new omni-channel gaming brand across bingo and casino, confirms Playtech's market-leading position as the technology partner of choice in the UK. Playtech has become a strategic partner to Gala Leisure and launched a full omni-channel solution in 2018, including best-of-breed retail products fully integrated with industry-leading digital content and solutions.

Regulated markets in Europe represent significant growth opportunities. For example, Playtech launched in the Swedish market on 1 January 2019 and was one of the first technology companies to launch industry-leading brands following the regulatory changes which came into effect at the start of 2019. Playtech is partnering with leading betting platforms to bring its industry-leading products to Sweden. In addition, Playtech's Swedish specialist content studio Quickspin launched 30 of its most popular titles on the first day of regulation on 1 January 2019.

OPERATIONAL HIGHLIGHTS



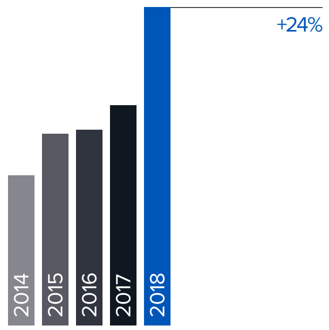
Snaitech

In 2018, Playtech completed the acquisition of leading Italian gambling operator, Snaitech. The acquisition created a fully-integrated gaming company across retail and online.

55%
Revenue Growth at Constant Currency

27%
Growth in regulated online revenues

+ Find out more about Snaitech and the acquisition on pages 50 to 54



78%
Group Regulated Revenue

+44%
Sun Bingo Revenue Growth

14%
Growth in regulated revenue at Constant Currency

+9%
TradeTech Revenue Growth

For more information
+ **Performance review** page 62
+ **Products** page 40
+ **Risks & uncertainties** page 68

CHIEF EXECUTIVE OFFICER'S REVIEW cont.

Playtech's leadership position in Europe was further reinforced in H2 2018 with the launch of its shared liquidity poker network in France and Spain. Partnering with Betclic and Unibet in France, and Bet365, Betfair, Casino Barcelona and Sportium in Spain, Playtech's network has become the first B2B poker network across the two territories, which represent major regulated poker markets. The network significantly boosts marketing and revenue potential for operators across France and Spain, through larger-scale cross-territory network partnerships and promotions. It will also significantly expand on the offering for players in both markets, with greater guaranteed prize pools and an increased array of cash game tables. This marks the introduction of the first B2B Poker network since the industry-wide shared liquidity agreement across France, Spain, Italy and Portugal last year and highlights Playtech's continued strength in regulated markets.

The landmark acquisition of Snaitech, completed in June, provided the Company with a cornerstone strategic presence in one of Europe's fastest growing and largest regulated gambling markets. By using its proven omni-channel technology and industry-leading regulated market software, Playtech believes there is a significant opportunity to leverage the strength of the Snai brand in Italy, growing its digital presence and driving cross-sell between retail and online in a fragmented and underdeveloped online market.

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

Latin America:

Latin America remains a key growth territory for online gaming. Mexico is now one of Playtech's top five regulated markets by player jurisdiction (since FY 2017). This follows the growth of licensee Caliente, which during 2018 extended its relationship with Playtech by integrating the Playtech BGT Sports sportsbook into its existing Playtech Casino offering. Also in the region, and again driven by progress in Sports, Playtech launched an integrated sportsbook across retail and online environments for Sportium.

Looking forward, we continue to see positive momentum in the region and are optimistic about opportunities, particularly in Brazil, Argentina and Peru. In 2018, Brazil took an important step towards regulating online gambling and sports betting. Meanwhile in Argentina, Buenos Aires has recently legalised online sports gambling and lottery and Peru is also exploring proposals to regulate online sports betting and casino games. The strength of Playtech's operations in Latin America positions the Company well, with these potential markets representing significant opportunities in the future.

> *Latin America remains a key growth territory for online gaming. Mexico is now one of Playtech's top five regulated markets by player jurisdiction.*

US:

Playtech has applied for a licence in the State of New Jersey and is actively considering licensing opportunities and forming strategic alliances across the country. Playtech has strategic optionality within its technology stack in order to go into joint ventures, partnerships and B2B deals with land-based casino groups, media groups and existing international clients.

Asia:

Competition in China increased in 2018 from new market entrants, resulting in downgrades to expectations announced to the market in July. Activity in Malaysia, highlighted as a headwind due to a change in market conditions, continues to be significantly lower than its previous highs.

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

The increase in competition in China has resulted in a highly competitive pricing environment. Playtech has taken the decision not to seek to compete on pricing and instead has focused on underlining the premium position of its offering in the region. Increased competition in the region is likely to remain, and accordingly Playtech has taken several actions to secure its position in the market.

These actions include appointing a new Managing Director for Asia who has responsibility for Playtech's operations in the region, including managing relationships with operators and distributors. The Company has also launched multiple new games, focusing on branded content, and has increased the support given to its partners in the region to enable them to offer progressive jackpots, another key Playtech strength. In addition to this, Playtech has participated in promotions and provided incentive schemes to sub-licensees to support their efforts in promoting Playtech content.

Playtech continues to monitor developments in Asia closely and, at its current run rate, still sees commercial benefits to operating in the region. While operating at a lower run rate than before, Playtech's Asia business remains high margin and highly cash generative. This cash will continue to be used to execute our strategy in regulated markets and for shareholder returns.

Playtech's IMS platform

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

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

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

Responsible Gambling

Regulators across Europe, including the UK, Italy, Spain and Denmark, continue to strengthen consumer protection and safer gambling regulations. Playtech welcomes sensible policies designed to support the long-term success of the sector whilst also creating a safer, fairer and more responsible industry. Playtech is well positioned to help licensees navigate the continually evolving regulatory landscape around responsible gambling in online and retail markets.

Playtech also continues to strengthen its Responsible Gambling technology offerings. Following the integration of BetBuddy to IMS in the first half of 2018, the solution is now being deployed to its first licensees, including Buzz Bingo. The combination of BetBuddy's applied artificial intelligence to assess risk while working seamlessly with Engagement 360's real-time player messaging, will allow operators to implement personalised messaging that empowers consumers to make safer choices. In addition, new Responsible Gambling features in Playtech's Portal and Marketplace platforms, aimed at increasing both licensee and player education and awareness of Playtech's casino content, are due to be trialled in 2019.

Playtech continues to engage constructively with regulators and stakeholders on a wide range of policy topics. The Company is also collaborating with licensees, academics, charities and industry bodies to help raise and shape industry standards, share best practices and explore how technology can help address some of the most pressing challenges facing the industry.

STRATEGY IN ACTION: SCALE & DISTRIBUTION
THE LEADING TECHNOLOGY COMPANY IN REGULATED MARKETS

Regulation has delivered new markets and new licensees in Switzerland, Poland and Sweden. Technology means that licensees and partners can deploy a compliant, sustainable and responsible omni-channel solution on day one of regulation.

Our Track Record

Playtech has a track record of delivering engaging omni-channel betting and gaming solutions to some of the leading brands in regulated markets across the globe.

- Omni-channel approach allows brands to leverage leadership in retail in the new online market
- Data-driven services deliver advantage in regulated markets: Commercial and Responsible Gambling services
- Compliance across AML, KYC, anti-fraud and risk analysis underpins all Playtech technology

In November 2018, leading land-based Casino operator Swiss Casino announced its partnership with Playtech to launch its first online offering ahead of the online casino market launching in 2019. In December, Playtech launched Poland's first regulated online casino in partnership with government operator Totalizator Sportowy.

The partnership with Swiss Casino and Totalizator Sportowy followed multi-year agreements in 2018 with Sociedade de Apostas Sociais (SAS) in Portugal for Sports and and casino, as well as extending and expanding its contract with Fortuna in the Czech Republic.

During the year, Playtech worked with its partners bet365, Betfair and Pokerstars, ensuring its technology was ready for the changing regulations in the Swedish market. Playtech was one of the first technology companies to launch industry-leading brands in Sweden when the new market regulation came into effect on 1 January 2019. In addition, Playtech's Swedish specialist content studio Quickspin launched 30 of its most popular titles on the first day of regulation on 1 January 2019.

Outside Europe, a key geography for Playtech has been Latin America, where the Company believes it holds a strategic advantage having a foothold through a strategic partnership with leading Mexican brand Caliente. In line with trends in Europe, Latin America continues to see new regulation add additional markets. In the first half of 2018, Playtech BGT Sports agreed a deal to provide online and retail sports technology to leading brand Sportium in Columbia, one of Latin America's key new markets.

CHIEF EXECUTIVE OFFICER'S REVIEW cont.

Gambling Division Performance

Gaming B2B

Casino

Revenues from the Casino vertical fell 22% to €320.1 million in 2018, driven by the changing dynamics of the Asian casino market in the period and the tough like-for-like comparatives with FY 2017.

Excluding Asia, Casino revenues enjoyed strong momentum, growing 9% in 2018 on a like-for-like basis at constant currency. This was partly driven by contributions from new Casino agreements with Casino Barcelona in Spain and Veikkaus in Finland. In addition, Pokerstars, alongside a successful launch of Playtech's Live Dealer product, significantly increased its Playtech content portfolio in 2018. Other major contributors which saw growth in 2018 were Bet365, Paddy Power Betfair, Betfred and Caliente.

Operational momentum continued in 2018 in the Casino verticals, including the Sporting Legends progressive jackpot suite rolled out across the Frankie Dettori, Ronnie O'Sullivan and Football Stars games, designed to foster sportsbook cross-sell during the football World Cup. New content launches, and specifically integrated content across product vertical, such as World Cup specific material, are important evidence of the constant innovation of products required to deliver a more engaging and relevant offer to regulated markets.

Further progress, driven by innovation, was evident through GPAS (Playtech's Gaming Platform as a Service). GPAS has been developed with the aim of continuing to evolve the way that gaming content is designed and created, ultimately extending the use of Playtech's technology across the industry and increasing the scale and reach of Playtech's platform. GPAS technology and its proprietary math engine allows third parties (operators, content providers and developers) to use a simple drag and drop user interface to build high-quality HTML5 games or submit their own existing content for distribution across Playtech's global network on any channel. GPAS technology is developed using Playtech ONE's omni-channel approach and can be seamlessly developed for retail and online. Historically, converting popular online games into retail games was expensive and inefficient and involved two sets of technology and two sets of developers. Therefore, those using Playtech's innovative GPAS technology have an advantage in retail-driven, regulated markets.

In 2018, Playtech fully implemented the unification of its eight content studios onto its agile development platform. Playtech is shifting the studios towards leveraging new tailored jackpots, a new game suite, in-game innovations and a greater focus on platform features that will benefit licensees. A new game suite to be launched in 2019, Kingdom's Rise, will showcase these features. Licensees should see improved retention rates and improved customer experience while lowering bonus costs.

Playtech completed the integration of 35 brands onto the Playtech Open Platform (POP) in 2018, enabling access to a huge selection of third-party games on any channel or platform, of which there were 16 specific third-party integrations. New linkages are now rapidly achieved, freeing up more resource for 2019. In addition to the POP and third-party integrations, Playtech is now also able to offer its partners access to the IMS bonusing and engagement tools.

The new Playtech Marketplace was launched in H2 2018 and, by year end, over 30 brands had launched. 2019 will see Marketplace become the new industry standard of content aggregation with a roadmap that leverages Playtech's BI system to deliver snackable insights to content and marketing teams. Marketplace removes much of the guesswork with new and existing operators when they look to target player clusters for acquisition, retention and player values, even down to a country-specific level.

Live Casino

Playtech has continued driving product innovation in Live Casino, following the migration to its new Live Casino facility in Riga in 2017, by launching new concepts, games and features. Driven by the powerful Playtech IMS player management platform and data-driven business intelligence technology, Playtech Live Casino is fully integrated into the Playtech platform and Casino offering. The period saw Ladbrokes Coral launch a dedicated sports area for the World Cup with an integrated bet slip. This was in addition to seasonal experiences such as around Cheltenham roulette and Chinese New Year. In 2018 Live casino delivered a 'Live from' experience, allowing customers the ability to play Roulette from a land-based casino. In addition, key products such as Roulette, Blackjack and Baccarat all saw extensive UX overhauls providing a more immersive feel in line with Playtech's approach in leading UX solutions.

Playtech BGT Sports (PBS)

Since the creation of PBS, Playtech still expects sports to be one of the fastest growing verticals in the coming years. In line with these expectations, sports saw the largest increase in revenue across all B2B Gaming

> *Playtech has continued driving product innovation in Live Casino, following the migration to its new Live Casino facility in Riga in 2017.*

verticals with a 12% increase in revenue to €98.0 million in 2018, and a 13% increase at constant currency.

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

Playtech achieved an extensive array of new product deliveries, innovative customer engagement tools, and successful promotional activity, all of which was complemented by the surge in new customer areas and table propositions.

Playtech's Live product portfolio grew throughout the course of 2018 with Spin a Win and Live Trivia, which both received a positive response from customers. Live Trivia is the first online gaming Trivia product enabling customers a free-to-play experience, where their general knowledge is tested as they look to win a variety of prizes. Omni-channel is a key aspect of Playtech's overall strategy, and

PBS continues to develop new pioneering content and technology to drive incremental revenue for its licensees as well as drive innovation in the sports betting vertical. Following the integration of PBS with the Playtech IMS platform, PBS can offer an omni-channel sports product across retail and online that is unique to the industry. 'Track my SSBT Bet' and 'Cash out' functionality is now available across all operators globally, either through integration with the operators' own app or through the PBS 'Bet Tracker' product.

PBS's most important product development in 2018 was 'MatchAcca', which enables users to combine multiple markets within the same event to create an accumulator bet with one specific price, subsequently encouraging higher-margin betting. PBS launched MatchAcca across retail and digital sportsbook in 2018, ahead of the FIFA World Cup.

PBS also developed Tap2Bet, which enables customers to stake bets quickly and easily with their debit cards by tapping their card on the terminal, as well as Bet Recommender, an intelligent recommendation engine using advanced AI algorithms, which suggests relevant content to customers on the terminal. Recommendations are based on the behaviour of other customers in comparable selections, similar to Amazon's recommendation feature.

2018 saw a number of operators launch within both retail and online. In the first half of 2018, PBS delivered a landmark agreement to supply Sociedade de Apostas

> *The Snaitech acquisition has delivered a significant increase to Playtech's scale and distribution capabilities.*

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

In the key target market of Latin America, PBS continued to develop its strategic position and signed an agreement to supply an integrated retail and digital sportsbook to Sportium Colombia through the provision of self-service betting terminals (SSBTs), over the counter (OTC) services and online sportsbook. The PBS offering has been approved by the Colombian regulator as fully compliant. Colombia first announced its plan to regulate online gambling in 2016 with the first licences issued in 2017. Playtech also deepened its relationship with its key licensee Caliente in Mexico. Playtech has worked with Caliente since 2014 in online casino and, since the integration of PBS, has rolled out its digital sportsbook in 2017 and in 2018 integrated retail SSBTs into the offering with the first SSBTs placed in Caliente casinos.

Key contract extensions were also secured during the year. PBS extended its agreement to supply Paddy Power Retail with the software for its suite of self-service betting terminals. PBS also extended its agreement to supply Ladbrokes Coral with the software for its suite of self-service betting terminals throughout Great Britain and Northern Ireland, the Republic of Ireland and Belgium until the end of 2020. This will cover over 12,000 terminals as well as exciting new content and features. In addition, PBS also signed a new Sportsbook contract with Codere until October 2022, which includes all jurisdictions (Spain, Mexico, Colombia and Panama), currently 8,500 bet entry points (BEPs) worldwide (7,622 SSBTs and 864 Tills).

Services

The Company's strategy to focus on regulated markets, shifting away from unregulated markets, has been most pronounced in the Services revenue line. In 2018 Services revenue declined 9% at constant currency.

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

Bingo

Bingo had a solid 2018 performance as new variants and features drove sales, while operators were more tactical with bonusing and promotions. The Bingo vertical remains a key customer acquisition channel at an operator level. Playtech's Bingo offering allows licensees to provide seamless cross-sell and movement between channels and verticals, but more importantly provide integrated Casino content.

In 2018 the Bingo division released 'Age of the Gods Bingo' for the network, tying in the successful Playtech brand. For its top tier operators, Playtech also developed six exclusive Bingo variants, to supplement these new Bingo variants three new Bingo features were also introduced, including 'Flip N Win' which gives paying players the chance of winning free tickets. Product development also extended to side games, with four new network slot titles including Age of the Gods branded games and 11 operator exclusive side games launched over the year. In 2018 Bingo also started to shift to an agile development methodology which will reduce delivery cycles going forward.

Buzz Bingo launched at the end of September 2018 and has been outperforming expectations. Playtech expects further growth on Buzz Bingo as the project to integrate the retail ECM wallet into the IMS wallet is completed, and Buzz Bingo uses its dedicated Bingo development allocation to replicate its retail Bingo features on its online site.

Migration to HTML5 from Flash is now nearly complete and is expected to be completed by the middle of the year. In addition, with the Italian PBAD3 regulations finalised, considerable effort has been directed into updating the Bingo platform to support these regulations. The concluding elements of the work were finalised at the start of 2019, putting us in a position to re-launch Italian Bingo at the start of February.

Poker

Poker is an important part of the complete Playtech ONE product offering and grew 2% at constant currency in 2018. Regulated markets show the strongest growth for Poker, coinciding with the launch of EU liquidity sharing, and the product is well-positioned to maximise the potential of any future regulatory changes. Playtech will continue to invest in the product as the online poker market demonstrates an increasing market opportunity.

Other

Other revenues grew 5% at constant currency in 2018. The majority of revenue under the 'Other' reporting line is derived from Playtech's retail Casino software (IGS), the land-based Casino management system.

B2C Gaming

Snaitech

In 2018 Playtech completed the acquisition of leading Italian gambling operator, Snaitech. The acquisition created a fully integrated gaming company across retail and online and provides Playtech with a cornerstone presence in one of its key target markets. Playtech will utilise its omni-channel technology stack to capture the online growth opportunity in one of the largest gambling markets in the world, where online market penetration remains low at approximately 8% of gross Gaming Revenue in 2019.

The Snaitech acquisition has delivered a significant increase to Playtech's scale and distribution capabilities in a high-growth regulated market. Snaitech's results are included in Playtech's consolidated financial statements from 5 June 2018, the date the acquisition completed.

Regulation in the gambling industry remains one of the key market dynamics shaping the development and growth of the industry. Playtech has significant experience of driving growth in the highly regulated UK market, and Snaitech has considerable understanding and experience of working with the regulator in Italy. Management believes that the combination of the Playtech and Snaitech businesses can realise shareholder value and execute on the significant opportunity for online growth in the current market dynamics.

CHIEF EXECUTIVE OFFICER'S REVIEW cont.

Part of the rationale for the acquisition of Snaitech was the strength of its retail network and resonance of the Snai brand.

This expertise is especially important given recent regulatory developments in Italy. In 2018, the government in Italy approved an advertising ban for all forms of gambling which will be fully active in July 2019. Part of the rationale for the acquisition of Snaitech was the strength of its retail network and resonance of the Snai brand. Management believe that the ban on advertising will facilitate market consolidation in the fragmented online market, with companies with a retail brand and presence set to benefit and gain online market share. As well as the advertising ban, there have been various increases in taxation on gambling activities in Italy. These are estimated to negatively impact Snaitech EBITDA in 2019 by approximately €30 million (including impact of the 2018 Dignity Decree as well as 2019 budget law) before mitigation.

In 2018 Snaitech's total revenues grew 1.0% to €894.6 million. The growth in revenue was predominantly driven by 27% growth in online, partially offset by a decline in gaming machines revenue of 3%. Playtech consolidated €511.9 million of revenue and €93 million of EBITDA from Snaitech's 2018 performance.

White-label: Sun Bingo update

Revenue from Sun Bingo in 2018 increased significantly, growing by 43% (44% on a constant currency basis) compared to 2017. The strong revenue growth was driven by the continued focus on targeted and data-driven marketing.

Playtech has agreed a multi-year extension with News UK to operate Sun Bingo, one of the UK's largest and most popular bingo sites. The collaboration with News UK was originally established in 2015, but under the new contract has been expanded to include new product verticals and has also been extended for a period of up to 15 years.

These new terms will help to enhance the Sun Bingo customer offer, while delivering greater value to both Playtech and News UK over the long term. It also follows strong performance from the operation across the past year, driven by the continued focus on targeted and data-driven marketing.

TradeTech Group – Playtech's financial division

TradeTech Group continued to deliver positive financial results which reflects the continued improvement and progress made in the business in 2018. TradeTech delivered organic growth, new business and successfully integrated acquisitions during the year, laying the foundations for future growth in the years to come.

The division reported continued growth on reported results and on a proforma basis with revenues and adjusted EBITDA increasing by 9% and 9% respectively, compared to 2017, and by 4% and 12% respectively, on a proforma basis including the comparable ACM performance in 2017. These positive headline results reflect an improvement in EBITDA margin from 32% in 2017 to 33% in 2018, as incremental revenues allow for higher-margins as the business continues to grow.

TradeTech Group B2B results

Revenue from B2B activity increased by 17% during the period. This was driven by 20% growth in the liquidity offering, which increased to $27.9 million in 2018, and 118% growth on our execution and risk management offering to $24.8 million compared to previous year, (including a full-year benefit from the acquisition of ACM assets completed in October 2017).

Strong momentum in the TradeTech B2B business continued in 2018, with a total volume of $2 trillion, compared to $1.3 trillion in 2017. This is supported by a significant pipeline of new customers to each of the sub-segments of our B2B business, establishing strong foundations for the future growth of B2B activity.

TradeTech management believe these results reflect the successful execution of its strategy to become the provider of choice to brokers in the financial trading industry. The combination of the Group's liquidity offering, execution and risk management offering, and its front-end and back-end technology, enables it to deliver an end-to-end solution for brokers.

TradeTech 360 solution

TradeTech believes its superior technology and services in its B2B segment give it a strategic advantage in the early stage and underdeveloped financial trading industry. To increase the profile and recognition of its B2B technology suite, management has branded it as 'TradeTech 360', representing the most comprehensive B2B management system and data-driven business intelligence tools – the equivalent of Playtech's IMS platform in the Gambling Division.

TradeTech 360 enables brokers to efficiently operate a complex multi-brand, multi-licence, multi-channel, and multi-risk model across the globe. The Group has a strong pipeline of brokers looking to improve their business operationally by migrating to TradeTech's systems and infrastructure and the Company believes this will become a significant growth factor of the B2B proposition.

Markets.com performance

The TradeTech Group B2C brand, Markets.com, enjoyed continued revenue growth in 2018 of 12% in a period where the implementation of the European Securities and Markets Authority's (ESMA) new rules and regulations came into effect in August 2018.

As reported at the interim results, management decided to take a prudent approach to marketing spend on new customer acquisition in 2018, taking the view that the incoming regulation may potentially impact the economic metrics across the market. This resulted in slower growth in the number of new customers in 2018, with total new customers of 15,100 compared to 27,000 in 2017. Importantly, the Group was able to produce increased interactions and trading activity with its existing customer base, resulting in a 60% increase in existing customer activity, on which is the result of continued investment into the product and service improvement.

In addition, while it's still too early to properly evaluate the long-term impact of ESMA's new measures, given the continued healthy revenue generation post ESMA's implementation, management commenced a gradual increase on marketing spend and new customer numbers are now returning to a growth trajectory.

TradeTech continues to grow outside of the EU, with approximately 18% of active customers coming from our non-EU licences and the Group expects this number to continue to grow as TradeTech continues to diversify its revenue base.

Mor Weizer
Chief Executive Officer

20 February 2019

RESPONSIBLE BUSINESS

SUPPORTING COLLABORATION & PARTNERSHIP

Topics covered include:

- Protecting and empowering consumers in a digital world
- Building trust in a data-driven world
- Bridging the diversity gap in gambling
- Using data for social good.

Starting in 2017 and continuing throughout 2018, Playtech organised and supported regular roundtable events to gauge and develop responses to new and emerging challenges facing the sector and society. Attendees at these events comprised a range of senior communications, compliance, and regulatory affairs executives from the gambling sector and experts from other organisations such as regulators and charities.

Alongside the roundtable events, Playtech co-hosted an industry collaboration day as well as actively participated in events and working groups dedicated to improving social responsibility standards and practices, alongside industry peers, opinion formers, charities, academics, industry associations and multi-stakeholder initiatives.

+ For more information refer to page 72

+ Find out about our approach to responsibility and regulation on our website at: https://www.playtech.com/responsibility-regulation

RESPONSIBLE BUSINESS cont.

Playtech is committed to ensuring that we enable a safe and responsible form of entertainment and take action to reduce harmful play. We strive to conduct business and create products and services that prevent gambling from becoming a source of crime, ensuring that gambling is conducted in a fair and open way and protect young people and other vulnerable persons from being harmed or exploited by gambling.

Leading Responsible Gambling Practices

I am extremely proud of Playtech's strong position in regulated markets and believe that there is an opportunity in 2019 for us to do even more. Regulation continues to shape our industry, with new markets launching in 2018 and into 2019, and existing markets facing the challenges of evolving appropriate regulations and responding to need for consumer protection.

At Playtech, we continue to celebrate regulation. We stand resolute by the belief that the continued maturity and development of regulation in our sectors is to be celebrated – as it will help to deliver a sustainable and celebrated long-term industry for the benefit of all stakeholders.

Our commitment to the highest levels of regulation, compliance and responsible business practices are what make Playtech the leading technology company in regulated markets.

Mor Weizer
Chief Executive Officer

Our Values

INTEGRITY

We strive to be responsible, honest and open in our dealings with each other and with all our stakeholders – licensees, regulators, business partners and suppliers.

INNOVATION

We endeavour to always be at the forefront of our industry; to lead, develop and deliver new products and services that meet all risk and regulatory compliance measures.

EXCELLENCE

We aim for excellence in everything we do; in the delivery of our products and services, in our interaction with the outside world and in working with each other.

PERFORMANCE

We deliver outstanding performance in the context of the legitimate and realistic expectations of our customers and shareholders.

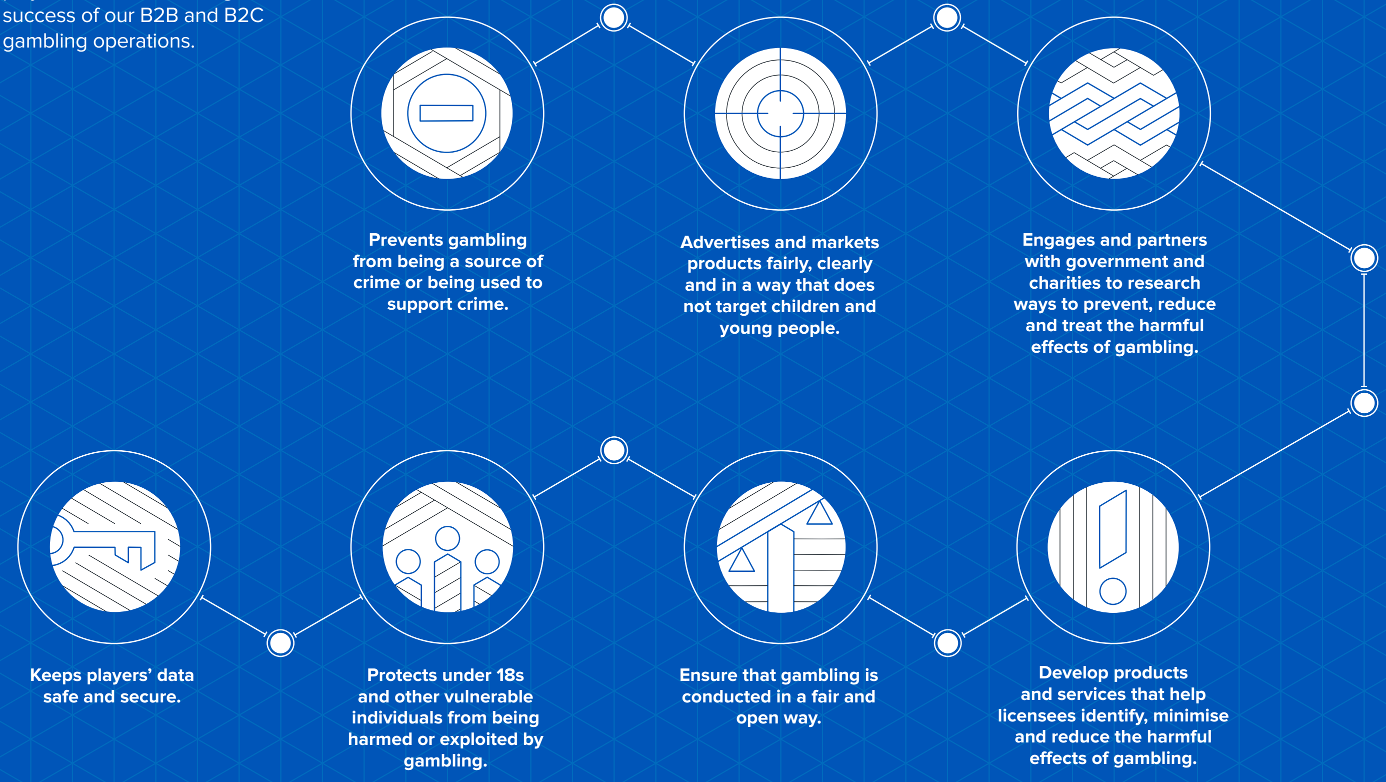
Pillars of Playtech's Responsible Gambling Approach

PROMOTE
Promote a healthy, safe gambling and entertainment environment.

EMPOWER
Empower licensees and players with technology-driven tools to manage and mitigate risk.

IMPROVE
Improve stakeholder trust in the industry.

Protecting players from harmful play is critical for the long-term success of our B2B and B2C gambling operations.



BETBUDDY

DELIVERING PROACTIVE HARM PREVENTION

BetBuddy is Playtech's Responsible Gambling analytics platform, built around data mining and predictive analytics. By combining the latest research into problem gambling, the power of machine learning and the scale of the data available across Playtech's IMS platform, BetBuddy delivers an end-to-end solution for identifying and managing at-risk gambling behavioural patterns.

Driving Industry

Playtech provides licensees with the toolkit to proactively assess and address player risk and helps to empower players to do the same. Proactively using data to manage and measure risk is central to developing a healthy, safe gambling and entertainment environment, and building and enhancing player trust.

Artificial Intelligence
A research partnership with the Research Centre for Machine Learning at City, University of London, ensures BetBuddy is helping to drive innovation and research in the machine-learning industry, with benefits across many sectors and industries, not just Responsible Gambling.

Seamless IMS integration
Licensees can access BetBuddy's Responsible Gambling insights seamlessly from Playtech's IMS player management platform for a quick-to-implement, cost-effective 'out of the box' Responsible Gambling solution.

In-game messaging
Ongoing player interaction is a key requirement from regulators. BetBuddy works seamlessly with IMS, Portal and Engagement 360°, meaning you can deliver highly personalised and focused real-time Responsible Gambling messages.

Omni-channel
Build segment-specific risk models to support players across retail and online play with a consistent approach and methodology, ensuring all customers are treated consistently.

+ Find out more about BetBuddy on their website at: www.bet-buddy.com

Staying Ahead of the Curve: Q&A with Simo Dragicevic

+ To read more about our proactive approach to responsible practices, go to page 84

Playtech can use its data intelligently to help operators meet increasingly complex consumer protection regulation and at the same time deepen and strengthen its relationships with players.

» What exactly does BetBuddy do?

« BetBuddy is effectively applying artificial intelligence to understand consumer behaviour. We are aiming to assess if players are at risk of harm, then once we understand that, to give them options to help them make safer choices, as we want to keep gambling as entertainment.

The addition of BetBuddy to Playtech's data-driven platform means we can offer a class-leading responsible gambling analytics solution to all our licensees and partners.

» How can BetBuddy and Playtech help operators?

« The combination of BetBuddy and Playtech allows operators to not only identify high-risk behaviour in players but, more importantly, use the data to interact with the customer in an intelligent manner, by driving highly personalised and 'brand positive' communication and engagement with customers.

What we mean by 'brand positive' is that operators can fully personalise the real-time messaging and interaction with customers, in order to communicate the value of the operator or brand to the player. For example, operators can use brand ambassadors or its own branding to drive communication on staking limits or encouraging a player to take a break, making the message feel more personal and engaging.

Playtech can therefore use its data intelligently to help operators meet increasingly complex consumer protection regulation and also deepen and strengthen its relationships with players.

» Is BetBuddy a commercial tool as much as a responsible and safe gambling tool?

« Absolutely. Playtech's approach to responsible gambling is to create a healthy and safe gambling and entertainment environment; ultimately this will create a sustainable and attractive long-term industry in the interests of all stakeholders, regulators, players and operators.

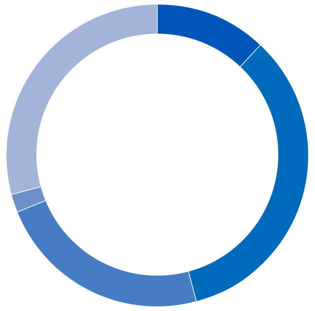
BetBuddy's tools and capabilities can provide the intelligence for operators and licensees to know what certain promotions are marketing is appropriate for a player, rather than producing a blanket, one-size-fits-all approach to player journeys. For example, we can ensure that players who have a lower risk profile are not targeted with unsuitable promotions or advertising, ensuring they remain on a customer journey where they are having an entertaining and safe experience.

» What's next in 2019 for Playtech and Responsible Gambling?

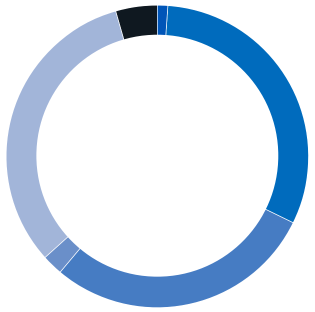
« One of our key aims is to foster further engagement and, ultimately, deployment with Playtech's existing licensees and also Playtech's own B2C brands. We have started some excellent work, but consumer protection is an ongoing challenge and we must strive to do more and more. We will also continue to invest in our technology to ensure that we are always at the forefront of AI and using the most up-to-date and advanced technology to support our partners and stakeholders.

OUR GLOBAL MARKET

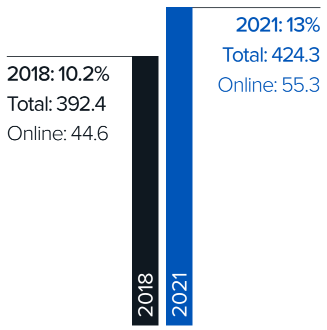
A. Market Statistics



2018 Gambling by Vertical
- Betting: **12%**
- Casino: **34%**
- Gaming Machines: **23%**
- Bingo/Other Gaming: **2%**
- Lotteries: **29%**



2018 Gambling by Market
- Africa: **1%**
- Asia/ME: **38%**
- Europe: **26%**
- Latin America & Caribbean: **2%**
- North America: **29%**
- Oceania: **4%**



€44.6bn

Online Penetration of Global Market (€bn): 2018 vs 2021(E)

1. Global Gambling Market:

The global gambling market maintained steady growth while continuing to evolve during 2018. According to H2 Gambling Capital (H2GC), Gross Gambling Revenue (GGR, defined as amounts wagered less any amounts paid out to players as winnings) is estimated to have grown on a global scale, and across all channels, from €342.6 billion in 2012 to €392.4 billion in 2018, representing a compound annual growth rate (CAGR) of 2.3%. Looking forward, H2GC estimates the global gambling market will grow at a CAGR of 2.6% through to 2021.

H2GC estimates in 2018, GGR for casino, poker, bingo, sports betting, skill-based gaming and lotteries grew by approximately 4.5% from €375.6 billion in 2017 to €392.4 billion in 2018.

The charts in A. Market Statistics split out the overall gambling market by vertical, which is dominated by casino (34%) and lotteries (29%), and by geography, which is dominated by Asia (38%) and North America (29%) due to their land-based revenue. Europe constitutes 26% of the overall market, driven by its consistently strong growth in online revenues since 2012.

Online:

In 2018, the GGR of the global gambling industry was approximately 89% land-based and 11% online.

Although online gambling is the smaller segment based on total size, it is the largest driver of growth in the industry and continues to evolve through increasing penetration of mobile gambling, in-play gambling during live events and adjacencies such as casual gaming, e-sports and fantasy games. This makes online the most relevant segment for the Group's B2B operations.

The online gambling market maintained strong growth of 10.2% from €40.5 billion in 2017 to €44.6 billion in 2018, and H2GC estimates further growth at a 7.4% CAGR through to 2021.

By comparison, the land-based market is expected to grow at a 2.0% CAGR, allowing for an increase in online penetration to 13% by 2021.

2. Key Market Trends:

The various gambling verticals and the industry itself are at different stages of maturity when considered across geographies. This is due to macroeconomic factors and differences in propensity to gamble, regulation, product innovation and omni-channel offering in each market. The underlying market dynamics across the industry can be summarised as follows:

1. Regulation – Evolving regulatory regimes providing new opportunities for operators to enter new regulated markets, as well as allowing for more consumer protection;
2. Technology – Shifts and improvements in technological innovation allowing for increased levels of online penetration and more consumer engagement;
3. Convergence – The convergence between the offline and the online markets via omni-channel solutions; and
4. Consolidation – Continued consolidation of gambling operators within the market.

3. Regulation:

The industry's regulatory environment continues to evolve, from new countries regulating their markets, to increasing gaming duties and the introduction of advertising restrictions and consumer protection initiatives.

In the UK, an increase in Remote Gaming Duty from 15% to 21% from April 2019 impacts operators' forecasts; while in the US, the Supreme Court ruling to overturn PASPA could offer substantial commercial opportunities.

Regulation presents numerous challenges to operators and suppliers but also creates opportunities for operators to enter newly regulated markets. European countries continue to lead the movement towards regulated regimes, with the Czech Republic, Sweden, Poland and Portugal recently regulating, and Holland and Switzerland expected to regulate in the near future. This presents Playtech, given its geographic diversity and unique technical acumen, with an opportunity to continue being the leading supplier in regulated markets.

4. Playtech Group's Key Markets:

UK

In 2018, the UK gambling market generated €16.7 billion GGR, with online gambling representing approximately 43% (€7.1 billion) of the market.

The UK online market, specifically, grew by 7% year-on-year in 2018 and accounted for 17% of the global online gambling market. H2GC estimates the UK online market will grow at a CAGR of 3.6% to 2021.

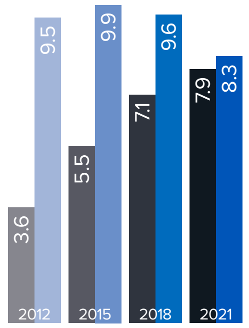
Italy

Italy is the largest gambling market in Europe, with an estimated GGR of €19.0 billion as per H2GC. Gambling has historically been one of the fastest-growing sectors of the Italian economy, showing growth even during times of declining GDP.

The online market in Italy is relatively underpenetrated in comparison with the UK, with only 10% online penetration in Italy versus 43% in the UK (2018).

H2GC expects the online market to grow at a CAGR of 8.7% and represent 12% of the total market by 2021.

KEY MARKET STATS
ONLINE MARKET MIX



UK Online vs. Offline Evolution (€bn)
- Online
- Land-based

The UK online market, specifically, grew by 7% year-on-year in 2018 and accounted for 17% of the global online gambling market. H2GC estimates the UK online market will grow at a CAGR of 3.6% to 2021.

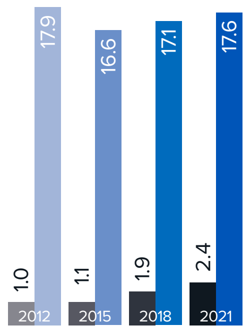
Percentage of online in total market mix:

2012 Total: €13.1 billion (27%)

2015 Total: €15.4 billion (36%)

2018 Total: €16.7 billion (43%)

2021 Total: €16.2 billion (49%)



Italian Online vs. Offline Evolution (€bn)
- Online
- Land-based

H2GC expects the online market to grow at a CAGR of 8.7% and represent 12% of the total market by 2021.

Percentage of online in total market mix:

2012 Total: €18.9 billion (5%)

2015 Total: €17.7 billion (6%)

2018 Total: €19.0 billion (10%)

2021 Total: €20.0 billion (12%)

PLAYTECH ONE

THE INFRASTRUCTURE OF THE INDUSTRY

Our Playtech ONE Technology

The success of our Playtech ONE offering is underpinned by our strategy:

1. Scale & Distribution
2. Innovation
3. Use of Data

Through Playtech ONE, our proprietary integrated platform, Playtech has pioneered omni-channel gambling technology, which provides an integrated platform across online and retail gambling channels and a seamless customer experience.

Playtech ONE enables the Group to deliver data-driven marketing expertise, single wallet functionality, sophisticated client relationship management (CRM) and responsible gambling solutions on a single platform across all product verticals and across retail and online.

Playtech's core B2B business is through leveraging its Playtech ONE technology stack by partnering with operators and brands to deliver a seamless gambling experience to the end customer.

As Playtech's technology is present at every point of the gambling value chain, from front end to back end, Playtech is able to directly deploy its products and services on behalf of brands through white-label agreements or joint ventures or in some markets invest directly in a B2C brand.

Principles of Playtech ONE:

- Any product available across any distribution channel – online or retail
- A seamless player journey across any product or vertical
- One single platform
- One single CRM and wallet
- One single customer view for analysis
- Services and capabilities available across any platform and any product

BUSINESS INTELLIGENCE TECHNOLOGY (BIT)

BIT provides new and existing licensees with superior innovation for their next stage of growth. Our unique data-driven, business intelligence marketing technology, exclusive to Playtech, significantly enhances licensee revenues by increasing player experience and lifetime value.

Distribution Channels	Innovative Products		
Online (Native apps, desktop, tablet, mobile)	Sportsbook + Read more on page 44	Poker + Read more on page 48	POP + Read more on page 38
	Live + Read more on page 42	Marketplace + Read more on page 38	Casino + Read more on page 40
Retail Machines and OTC (Sports, Bingo, Lottery)	Virtual Sports + Read more on page 48	Retail + Read more on page 49	Bingo + Read more on page 46

Data-Driven Technology & Services

Information Management System (IMS)
- Most powerful gaming intelligence platform
- Seamless games and platforms transition via single account
- Full player lifecycle visibility and control

Data-Driven Personalisation	Player Management	Engagement 360
Communications	Cross Product Loyalty	System Management
Player Rewards	Flexible Reporting	Payment Solutions
SAAS POP	KYC	Risk and Fraud

Business Intelligence (BIT)
- BI Platform – Complete operational overview
- Enables day-to-day and high-level decisions by comparing key metrics against competitors
- Data-Driven Marketing Tools – The power of personalisation
- Automates and personalises every aspect of the player journey
- Playtech Analytics – Real-time decision making
- Real-time tracking and reporting to maximise player value and brand profitability
- Playtech Optimiser – Omni-channel personalisation
- Real-time, easy-to-use personalisation and optimisation engine, powering our entire offering across all channels

IMPLEMENTING OUR OFFERING

Given our technology is present at every stage of the online and offline gambling value chain, Playtech is able to leverage its technology on a revenue share basis for the benefit of operators in its core B2B business. Playtech also leverages its technology stack with strategic partners through white-label activity and in select jurisdictions through investing in B2C brands such as Snai in Italy.

Diversifying our Income

Our operations across the B2B and B2C markets are driven by our core strategy of scale and distribution, innovation and data-driven services.

+ In case you missed it, read about our new strategy on page 12

- Revenue share model to fully partner with licensees in B2B
- Design, development and distribution of software, content, platform technology and services to the online and land-based gambling industry
- Over 140 licensees globally, including a number of leading operators in the gambling industry, for example, bet365, Caliente, Codere, GVC/Ladbrokes Coral, Fortuna and Sky Betting & Gaming
- Award-winning omni-channel technology offering, providing unrivalled liquidity and market-leading jackpots across all major product verticals
- Advanced information management system platform (IMS) allowing single user accounts and increased cross-selling
- Big data capabilities and collection via data analytics platform
- Unique marketing, operational support, advisory and CRM services

PLAYTECH OUTLOOK 2019

THE BIG THEMES IN THE GAMING INDUSTRY IN 2019

2019 Themes

- Real-time player engagement
  + Read more on page 36
- Gamification
- Flexible access to content
  + Read more on page 36

Real-time player engagement
While not a new concept, it will see a major step forward this year.

Right now, as many as 70% of new customers only play once with any given brand. They never come back. This is a revenue killer for operators and it's an industry-wide problem.

Historically, the industry has relied on a combination of reactive and offline communications to engage users. Customers expect a better experience, and operators have more tools at their disposal. Improvements will be on the way with our new Engagement 360 platform.

Take casino, for example. Operators know that horse racing customers are particularly valuable, and Cheltenham is a big event. While traditional marketing may have focused on email communications around the event, real-time player engagement should look at offers to players before and after races using real-time interventions based on real-time activity.

Offers can also include games which fall in their areas of interest. It's one of the reasons why Playtech has created a game series like Sporting Legends, which includes horse racing-themed slots and timed jackpots to appeal to the recreational player. We have even extended the brand to poker, as we see interest in this product from a cross sell perspective too.

Of course, real-time interventions can be used for responsible gambling as well as marketing, and this in conjunction with our BetBuddy real-time analytics tool, can provide customers with a significant advancement across the whole product portfolio.

Gamification
At Playtech, we have existing and new gamification concepts available across all products, including Sports. Most will be familiar with traditional forms of gamification, such as setting missions and creating leaderboards, but this barely scratches the surface in our view. We are particularly excited about our Live Trivia product and how that can be used by operators across the portfolio to engage both existing and new audiences

Additionally, we are also looking at how gamification can potentially be used in responsible gambling initiatives. It is hard to motivate customers to act responsibly when it comes to their gambling activities but offering non-monetary incentives to proactively set their own betting limits, or complete questionnaires, could be a useful addition to the responsible gambling armoury.

Flexible access to content
Finally, tying all of this together is the content ecosystem. 2019 will be the year the way the industry creates, discovers and distributes content is transformed.

At the moment, content creation is hard, and the barriers to entry that exist can sometimes stifle innovation and creativity. Technology such as Playtech's GPAS system, which can revolutionise the way that games are developed by operators and suppliers, will solve this in 2019.

If that opens the floodgates for more content, operators will need to be able to cut through the mass of games to find the most powerful content for their audience, then deliver it across channels, because if content creation is hard, discovery and distribution is harder.

OUR TECHNOLOGY

We firmly believe that a user's gaming experience should be the same no matter what the content, where and when it is played and regardless of the device they choose to play on.

Our Technology Suite

Our technology drives our business, it ensures that we stay at the forefront of innovation and means we bring our users and licensees the best products and services possible.

1

Information Management System (IMS)
- Full player lifecycle visibility and management with single account overview
- Optimise marketing spend, maximise cross-sell and automate key points in player journey
- Deliver a seamless player experience across games, verticals and platforms via a single account and wallet
- Full payment solution
- Risk & Fraud toolset
- Software as a Service Open Platform – integration with leading complementary service providers
- Fully integrated with BetBuddy for comprehensive Responsible Gambling toolset
- Simple third-party integration maximises system capabilities

2

Engagement Centre
- Out of the box end-to-end real-time player engagement with Engagement 360
- Data-driven personalisation tools driven by actual and predicted behaviour
- Create flexible CRM journeys using AI-driven player clustering
- Tailored in-game messaging – communicate with players at their most engaged
- Game Modifiers – semi-personalise compatible games to attract and retain players
- Full communication suite, including push notifications, chat and inbox widgets, sophisticated bonusing and gamification tools (Free Spins, Golden Chip, In-game engagement, Gamification) and leaderboards

3

Business Intelligence Technology (BIT)
- Fully automated, data-driven marketing and analytics tools
- Personalised games grid and default bet and deposit values
- Playtech Optimiser omni-channel personalisation engine – increase engagement and maximise marketing spend value
- Build BI models for CRM and player segmentation
- Real-time tracking and decision-focused reporting to maximise player value and brand profitability
- BI Platform overview – benchmark key metrics against competitors

4

Playtech Portal
- Open content integration framework
- Deep integration with IMS for a personalised, data-driven player experience
- Complete control over front-end optimisation across all channels and devices
- Multiple language and market support
- Full suite of CRM and personalisation, reporting, analytics and player communication tools
- Compatible with Engagement 360

OUR SERVICES

Through our PTTS division, we offer product design, operational management, internal and external marketing, fully customisable applications and 24/7 live support to ensure that operators and their players receive a fully optimised gaming experience.

Our Services

Playtech's suite of services include all the tools and capabilities required to run an online and retail gambling business.

Playtech's Turn-Key Services (PTTS)
- All-encompassing product design, operational management, internal and external marketing solutions
- Fully customisable applications and around-the-clock interactive player support
- Achieve substantial cost savings by outsourcing operational services

Marketing
- Unbeatable industry experience and expertise
- Industry-leading affiliate programme with access to 50,000+ affiliates
- Focused, multi-language campaigns with daily campaign tracking
- Expert SEO services across all relevant languages

Payment Advisory Services
- Expert consultancy services covering cashier, processing, payments, risk management and financial performance issues
- Extensive choice of 50+ payment methods
- All payment queries dealt with

Financial Reporting and Analysis
Tools including:
- player payout approval/decline
- dispute withdrawal requests
- wagering calculations
- procedure submittal
- document review
- real-time online monitoring

Hosting
Industry-leading hosting services built on extensive industry experience, including:
- DDoS prevention & DNS management
- Third-party services
- Geo-location services
- Maintenance

Customer Support
- 24/7 email and phone support from highly skilled teams
- Unrivalled response times
- End-to-end service from sign-up through to deposit, play and withdrawal

Fraud Prevention
- Next-generation tracking technology
- Top-tier management tools – monitor deposits and withdrawals and track player activity for rapid suspicious activity detection
- Automated alerts

STRATEGY IN ACTION:

INNOVATION & DATA-DRIVEN SERVICES

Playtech's new content eco-system is the next phase of innovation to transform content creation and discovery. This year saw Playtech launch its new content eco-system to change the way the industry discovers, configures and accesses gaming content.

GPAS (Content Creation)

Gaming Platform as a Service (GPAS) provides the next stage of partnership both with licensees, content providers and developers. GPAS allows third parties to develop gaming content using a drag-and-drop maths engine to create any type of game with any array of features for any type of market or player.

- Games developed use Playtech architecture
- Develop omni-channel games in one development cycle
- Data-driven: Real-time stats (RTP) calculation, model sharing and collaboration

Marketplace (Content Discovery)

Marketplace is Playtech's content discovery technology, where licensees can discover and access Playtech's portfolio of content alongside third-party content created or edited in GPAS. The app style format is powered by the data in Playtech's platform and allows users to search for content-based success and popularity by geography, demographics, etc.

- Gives licensees access to Playtech's award-winning games library and third-party content
- Data-driven content discovery: Playtech's BI tools allow for easy-to-follow stats and analysis on games
- Shop window allows third-party studios to access Playtech's technology and distribution

Playtech Open Platform (Content Aggregation)

Playtech Open Platform (POP) is Playtech's content aggregation technology, allowing licensees to assimilate content, from Playtech and third parties, including IGT, Red Tiger and Blueprint, onto Playtech's platform and distribution channels.

- Integrated with IMS platform
- Access to advanced marketing tool, operational support, advisory and CRM services
- Access to engagement centre for real-time messaging and analytics

STRATEGY IN ACTION: INNOVATION
INTEGRATED THEMED CONTENT

Supporting our Licensees

- **Themed multi-vertical content delivers cross-product jack-pots and an integrated World Cup experience**
- **Multi-vertical content includes Live Casino with World Cup commentary and Sporting Legends prize draw**

Due to its omni-channel, one platform approach, Playtech has a track record of delivering multi-vertical integrated content, such as its own award-winning Age of the Gods suite of games, available across Casino, Live Casino, Bingo and Poker. Playtech's player management IMS platform delivers branded and themed content across multiple verticals with the integrated wallet/CRM functionality allowing for cross-vertical prizes and bonusing – delivering a seamless user experience.

In the run-up to the FIFA Football World Cup, Playtech worked alongside licensees to deliver football-themed integrated content. In Casino, in addition to Playtech's Sporting Legends series, Playtech launched Top Trumps Football Stars, based on the classic card game, allowing players to choose which of 30 footballers they want to feature in the game. The game also gave players a shot at the Sporting Legends guaranteed Daily and Weekly Jackpots, plus the progressive Mega Jackpot. Additionally, during the World Cup, Playtech ran a £250,000 promotion where players could win prizes in a weekly draw from 18th June-15th July.

In Live Casino, Playtech Live delivered a dedicated football area featuring themed Roulette and Unlimited Blackjack tables. Live dealers provided live commentary on all matches, with a video wall displaying major game events and match statistics for an even more immersive experience.

Live Casino offers the opportunity to deliver flexible, entertainment-driven engaging content. During the World Cup, Playtech's Trivia Show Live, a new gameshow-style Live Casino segment, was presented by a live host before each World Cup match and featured football-themed questions. Designed to add to the Live Casino football area atmosphere, Trivia Show Live is a no-stake, free-to-enter quiz game built to engage sports lovers across the board with a chance to win a range of prizes.

On the Poker tables, Playtech launched Poker Predictor, a mission-based gamification tool; it gave players the chance to predict the scores in the big matches and accumulate points as they played. Points plus successful predictions leads to the reward of either a Silver or Golden Spin of the prize wheel.

OUR CASINO OFFERING

We offer the most comprehensive portfolio of omni-channel content, delivering 600+ of the most innovative casino games across all channels and devices.

Our Casino Offering

- **Extensive portfolio of content**
- **Mobile-Desktop launches**

Playtech offers more than 600 omni-channel casino titles across all channels, platforms and devices.

As part of our Playtech ONE omni-channel offering, our casino product allows players to access content anywhere, at any time and on any device through a single wallet experience.

Driven by our powerful IMS platform and business intelligence technology, Playtech Casino delivers in-house and premium branded games, including a large selection of DC Entertainment titles such as 1960s Batman Classic TV Series, Man of Steel (2013), Green Lantern (2011), Superman (1978) and Superman II (1980), to name just a few, while our Open Platform offers hundreds more titles that flawlessly integrate with our licensees' websites.

Our commitment to providing new and existing licensees with access to our leading content, powerful platform and fully automated marketing tools ensures operators deliver the ultimate casino experience to their players.

OUR STUDIOS

Our Studios

Each of Playtech's studios delivers a unique flavour of games and come together to form the strongest and highest-quality content offering in the industry.

Origins

Playtech Origins has designed and created some of the most famous, unique and innovative games for more than a decade. Using a diverse mix of expert games designers based at in-house studios around the world, including Gibraltar, Estonia, Ukraine, Israel and Bulgaria, it is a pioneer of online gaming content creation.

Psiclone

Psiclone Games is a Lichfield, UK-based slot games design studio focused on the production of unique and engaging high-quality titles, with a portfolio including the famous Fairground Fortunes, covering an increasing range of markets as its expansion continues.

QuickSpin

QuickSpin is a Swedish game studio that develops innovative video slots for real money online gambling and free-to-play social markets. It was acquired by Playtech in 2016. The aim of its 60-strong team of gaming industry veterans is to cause a market-changing shift in quality and innovation by creating the kind of games that we as players would love to play.

Sunfox

Based in Vienna, Austria, SUNFOX Games is an innovative casino games design and production studio responsible for state-of-the-art 3D games, including The Glass Slipper, Time for a Deal and 3 Blind Mice. It was acquired by Playtech in 2017 and expands Playtech's product portfolio with a distinctive selection of innovative premium 3D games.

Ash Gaming

Ash Gaming is a leading London-based games design studio founded in 2002. Operating on a maths-first design paradigm by developing compelling, balanced and unique models, it wraps its games in engaging themes that accentuate the designed feature set.

Playtech Vikings

Playtech Vikings' mission is to create the most exciting roadmap possible, with a great mix of games for all player types, bringing years of experience and passion to every project. Viking's designers have a long tradition of bringing never-before-seen slot features to life and are behind some of the most successful games of the last ten years.

GECO

Established in 2007 and acquired by Playtech in 2016, GECO is headquartered in Sydney, Australia. GECO's philosophy is one of innovation inspired out of experience and foundation. GECO offers a complete range of game styles, from traditional Australian-style content and bingo slots to story-driven, multi-layered, entertaining and engaging games.

Eyecon

Eyecon was founded in Brisbane, Australia, in 1997 and develops slots and table games for online gambling and free-to-play social markets. It was acquired by Playtech in 2017. With more than 70 titles distributed via its proprietary Remote Gaming Server (RGS), Eyecon games are familiar across many of the major industry platforms and brands.

Rarestone Gaming

Rarestone is the newest addition to the Playtech studios family. Founded by veterans of major players in the industry, this Australian-based studio is built on a passion for developing games with global appeal. Working on the principle that the best game designers are game players, Rarestone focuses on maths-led development to create titles tailored to seasoned players.

OUR PLAYTECH LIVE OFFERING

Playtech's live casino platform and products are designed to provide the most authentic, omni-channel gaming experience supported by a new user interface and cutting-edge platform.

Playtech Live

- **Award-winning back-end platform**
- **Powered by innovation**

Playtech's live casino platform and products are designed to provide the most authentic, omni-channel gaming experience supported by a new user interface and experience, and a cutting-edge platform that uses the latest business intelligence data-driven technology.

Our extensive live product offering, manned by native-speaking dealers, includes all the casino classics, such as Blackjack, Baccarat and Roulette, in addition to innovative new variants, including Unlimited Blackjack, Prestige Roulette and Baccarat and Casino Hold'em.

We use state-of-the-art cameras broadcasting in premium HD quality, offering the fastest streaming and highest up-time in the market, bespoke branding and individual training, establishing the trust and loyalty associated with a real casino experience.

We have dedicated tables with native-speaking dealers for the UK, Italy, Spain, Romania and others due to an increasing demand in newly regulating markets. Our core focus revolves around unbeatable licensee service, ensuring we outperform our competitors with our world-class omni-channel technology, features, user experience and dedicated support services.

PLAYTECH EUROLIVE: THE ENGINE ROOM OF PLAYTECH LIVE

The Power of Eurolive

- **24/7 service 365 days a year**
- **8,500m² capacity**

In the heart of Riga, Latvia, alongside the 16th-century fortified city walls, stands the ultimate 21st-century Live Casino facility.

Completed in 2016, the 8,500m² capacity Eurolive Centre is the epicentre of our operation.

Dealers working in five different languages work over 100 Roulette, Blackjack and Card tables 24 hours a day, 365 days a year.

PLAYTECH BGT SPORTS OFFERING

We deliver next-generation omni-channel sports and betting solutions with content available across any channel, device and location.

BGT Sports

- **Unique player segmentation and personalisation tools**
- **Brandable mobile solutions, platform, user interface and features**

Playtech Sports develops market-leading turnkey wagering solutions for the modern sports betting industry, covering all sectors and distribution channels from retail to mobile to online products. PBS's vision is to create a fully integrated, best-in-class sports betting technology solution by drawing on the overall business' expertise and capabilities, together with a tailored, managed service proposition to suit any bespoke customer requirements. A decade of experience with blue chip operators has kept us ahead in innovation and customer service, while satisfying punters' needs for versatility and reliability.

Our betting terminals, as well as our digital products, are revolutionising the world of sportsbook operators and their omni-channel betting businesses. We already have a solid presence in many countries around the world, and many others will follow soon.

STRATEGY IN ACTION: DISTRIBUTION
AN INDUSTRY-DEFINING PLATFORM

Platform Features

- Differentiated sports betting solutions for both anonymous and registered customers across retail and digital channels
- Integration services: customer loyalty cards, accounting systems, payment services, as well as third-party solutions and protocols
- Seamless betting experience across all channels and devices, including over-the-counter (OTC), Self-Service Betting Terminals (SSBTs), online and mobile
- Industry-leading CMS tool to create banners, bonus offers and to manage target groups
- Smart pricing: set and manage prices across various channels within a single risk system
- Maximum ARPU from multi-channel customers
- Highly customisable front ends to maximise brand loyalty

PBS Retail

PBS' retail offering includes Self-Service Betting Terminals (SSBTs), traditional over-the-counter (OTC) and space-saving devices such as Compact Terminals or Tablets especially for smaller venues. Our Shop TV solution allows operators to display the latest odds for any sport and promote specific events.

PBS Digital

Playtech BGT Sports' (PBS) Online Betting Solution is a digital Sportsbook that, due to the use of Responsive Design architecture, is now one integrated solution for both desktop and mobile devices. The multilingual online solution makes betting entertaining and engaging for all users, and enables the bettors to quickly find their favourite teams, leagues or markets.

Our capabilities to offer an omni-channel solution across retail and online mean PBS has a strategic advantage in emerging, newly regulated markets.

Armin Sageder
BGT Sports CEO

The Power of the Sportsbook: Q&A with Armin Sageder

+ Read more about the performance of BGT Sports in the performance review on page 44

» **It has now been 18 months since you integrated all the Playtech Sports businesses under your direction as CEO of Playtech BGT Sports; what has the integration brought to Playtech?**

« When I joined Playtech with BGT Sports in July 2016, Playtech's sports offering was a combination of very successful companies such as Mobenga and Genuity, but all on separate platforms. These companies had tremendous technology and great assets in terms of entrepreneurial culture and gifted people. We have now integrated all the best components of that technology to one platform – delivering best practice data analytics, one single settlements process, one single back end and front end and one seamless customer journey.

» **How is the Playtech BGT Sports integration delivering more opportunities?**

« PBS now has a unique place in the sports betting industry, combining the best people, products and technology from retail and online. Having one single platform delivers a harmonised, more efficient development process for new products; a product can be developed once and deployed simultaneously in online and retail. Ultimately, this allows for an acceleration of the innovation process, reducing our time to market for our partners and licensees.

» **Has this produced any cross-sell opportunities from existing Playtech licensees?**

« Absolutely, this has been one of the immediate and measurable benefits, during the year we deepened our relationship with key licensee Caliente in Mexico. Playtech has worked with Caliente since 2014 in online casino, and since the integration of PBS has rolled out its digital sportsbook in 2017; now in 2018 it has integrated retail SSBTs into the offering with the first SSBTs placed in Caliente casinos. Latin America is a key strategic geography for Playtech, and in sports we also work with Sportium in Colombia, providing a full omni-channel solution across retail and online sportsbook.

» **As well as Latin America, what other markets will PBS be concentrating on in 2019?**

« Our strategy in sports is three-fold. Firstly, to strengthen our leadership position in existing key regulated markets with new licensees and partners, such as the UK & Ireland, Southern Europe, particularly Spain and Greece, Central and Eastern Europe and, as we mentioned, Latin America. Secondly, our capabilities to offer an omni-channel solution across retail and online mean PBS has a strategic advantage in emerging, newly regulated markets such as jurisdictions in the United States of America, Canada and parts of Africa and Asia. Finally, as we highlighted above, there exists a significant opportunity to cross-sell our new online capabilities to existing retail customers and also sports as a whole to existing Playtech licensees.

» **In addition to PBS's omni-channel capabilities, what are the sports division's other compelling USPs?**

« Product innovation is one of our key strengths. As with all product teams at Playtech, we place innovation at the core of our offering. Along with the distribution capabilities across retail and online, it is our commitment to innovative products that gives Playtech an advantage in regulated markets, as you must have engaging and innovative product or no one will use your services! This often goes hand in hand with the omni-channel capabilities, and in 2018 we introduced a number of new innovations across our omni-channel sports product – 'Track my SSBT Bet' and 'Cash out' functionality is now available across all operators globally, either through integration with the operator's own app or through the PBS 'Bet Tracker' product. Moreover, in time for the FIFA World Cup, PBS launched its new 'Match Acca' product across retail and digital sportsbook. The 'Match Acca' product allows end customers to combine multiple markets within the same event to create an accumulator bet with one single price, which was not previously possible due to the related contingencies of events. For example, during Manchester United vs. Watford, a customer can bet on a 2:2 Correct Score, United to score first, Rashford to score first and Under 10.5 Corners.

LOTTERY & BINGO

The industry's most complete omni-channel bingo portfolio, including the world's largest bingo network and best-performing games.

Lottery

- **World Lottery Association and European Lotteries**
- **17+ years of player management**

Our cutting-edge lottery technology delivers unrivalled player visibility across online, mobile and retail channels, arming you with the ability to better understand behaviours, giving you a sharper focus on your players.

Playtech is an associate member of The European Lotteries organisation and World Lottery Association, Playtech works alongside other corresponding parties to guarantee the constant work of the Association in educating and challenging the member lotteries as the industry continues to expand.

Bingo

- **Most extensive side-games portfolio**
- **Bespoke bingo client and room variants**

Playtech delivers an omni-channel bingo solution, allowing players to enjoy the same seamless experience across any platform, on any device, all through a single wallet and a single account. Our UK bingo network consists of more than 100 brands, manages more than 100,000 games daily more than 20,000 concurrent players.

STRATEGY IN ACTION: DISTRIBUTION
PARTNERING WITH BUZZ BINGO

Buzz Bingo

- **120 Bingo locations**
- **Omni-channel solutions across retail and online**

Playtech has partnered with Buzz Bingo to deliver a groundbreaking content delivery and CRM solution across both Bingo and Casino, integrating its award-winning IMS player management platform.

Playtech has collaborated closely with Buzz Bingo since the brand's high-profile launch earlier this year, offering players a range of Bingo variants and a wide selection of Playtech Casino content.

Additionally, integration with the Playtech Open Platform (POP) gives Buzz Bingo access to an exceptional range of original and third-party game content. With several major content providers on board from day one, and many others launching soon, Buzz Bingo players can choose from one of the industry's widest selections of Bingo variants and Casino slot games.

It's fantastic to see all the amazing work that has gone into this project come to fruition. Our collaboration with Playtech allows us to offer one of the widest selections of Bingo games and slots in the market, as well as delivering an enhanced player journey across our physical venues and online.

Chris Matthews
CEO Buzz Bingo

POKER, VIRTUAL SPORTS & RETAIL

Our Full Suite

Playtech can offer the full product suite across the most popular gaming products on the market.

Poker

- **Innovative Game Features**
- **Reliable Back-End Management Tools**

Playtech Poker software is fully compatible with all other Playtech products and services, and supports Playtech's unique Business Intelligence Technology (BIT).

Through our award-winning IMS player management platform, the poker client remains supported by premium back-end management tools coupled with a powerful marketing system and services allowing for targeted promotions, bonuses, next-generation collusion prevention and detection tools, and dedicated 24/7 online support.

Our offering is available on all channels and platforms, including native mobile iOS & Android, Desktop PC, HTML5 web and HTML5 mobile. Playtech Casino games are also available within our poker client, and players receive a seamless playing experience between poker and casino games.

Virtual Sports

- **State-of-the-Art Graphics and Motion Capture Technologies**
- **In-Game Branding, Promotions and Bespoke Events**

Our diverse and growing virtual sports offering combines the very latest 3D game graphics and motion capture technology with a highly sophisticated virtual racing simulator across a wealth of sports, including horse racing, tennis, basketball and football. Our virtual products enable players to bet within the familiar sportsbook environment, with our graphics engine and servers allowing for integrated odds, data feeds and bespoke in-game branding, promotions and tailored races, matches, games and promotional events. We work closely with well-known racing venues, professional sports players and commentators to design ultra-realistic, high-quality environments, combining leading-edge graphics with CGI techniques, providing an experience comparable only to the real thing.

Retail

- **Intuitive Player Management and Tracking Tools**
- **600+ Games to Choose From**

Playtech Retail Gaming products power gaming terminals, offering a full enterprise management system and complete operational control for land-based venues.

The system's powerful back office management tools provide operators with everything they need for full site control and to manage their estate and player base.

These tools cover player, content and multimedia management, rules-based rewards, jackpots, tournaments, bonusing, loyalty, cash desk facilities, responsible gaming, security and monitoring.

OUR B2C MODEL

In the B2C segment of the Gambling division, the Group utilises its proprietary technology and capabilities to operate either through joint ventures or white-label agreements with other operators, or directly as a B2C operator in select markets.

Overview

- Strategic partnerships or white-label agreements with media or operator brands or through directly operated brands in select markets
- Three segments: Snaitech, Sun Bingo (and other white-label) and Casual Gaming/other B2C
- Snaitech is a leading operator in the Italian gaming and betting market
- Sun Bingo consists of a long-term partnership with media group News UK
- Casual Gaming via multiple brands, including the Narcos game franchise

What B2C brings to Playtech:

- Showcase for Playtech ONE and proof of concept for Group's products and services
- Investing in B2C activity gives greater access to end customers
- Catalyst for future technology and product development for benefit of all partners and stakeholders
- Strategic optionality when devising its approach in regulated and regulating markets

SNAITECH++

The acquisition of Snaitech represents the continuation of our strategy to invest in leading retail brands in fast-growing regulated markets. It delivers the Board's strategic objective to improve the quality and diversification of Group revenue while delivering exposure to high-growth end markets, by utilising the strength of Playtech's balance sheet.

SPECIAL OLYMPICS TORCH 2018:
SUPPORTED BY THE SNAITECH CHARITY, IZILOVE FOUNDATION

ACQUISITION: Snaitech cont.

A key strategic milestone in 2018 was the acquisition and integration of Snaitech. Playtech now directly owns and operates the leading sports betting and gaming brand in online and retail in Italy.

Snaitech's Strategic Pillars

- Brand equity
- Technology and innovation
- Sports trading management
- Strategic partnerships
- Real estate assets
- Social responsibilities

€894.6m
Total revenue for 2018

€155.6m
Adjusted EBITDA for 2018

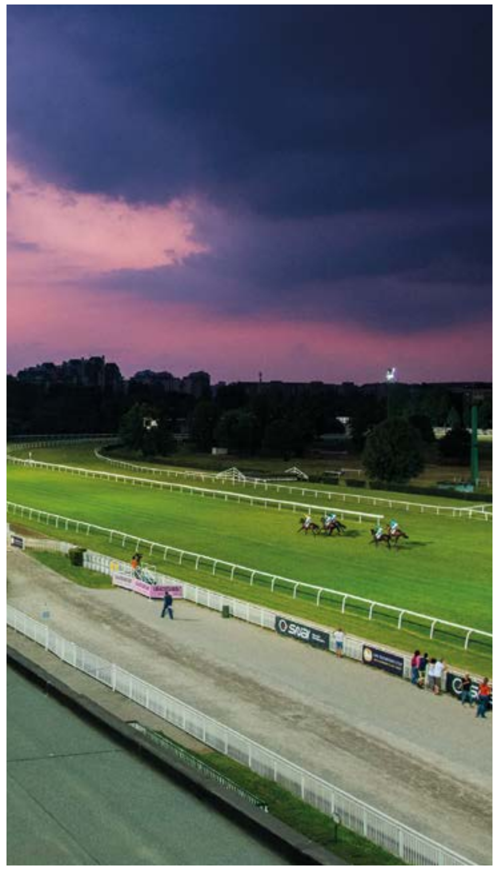
85%
Brand Awareness
Snai is the first brand in terms of brand awareness and recognition.

The combination brings together Playtech's technology with Snaitech's powerful brand and local expertise in Europe's largest gambling market. It creates a fully vertically integrated retail and online Italian gaming business that can control its own technology, from land-based to online.

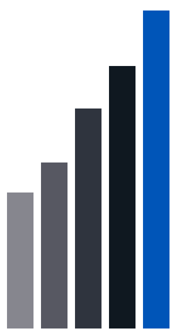
The acquisition significantly enhanced Playtech's revenue mix and reflects the Company's strategy to be the leading supplier in commercially attractive regulated markets. In 2018, the Group reported that over 80% of combined revenues stemmed from regulated markets, and the acquisition has also improved the diversification of the Group's revenue.

What is Snaitech?
Founded in 1906, Snai has built on its initial presence in horse racing to become Italy's leading online and retail gaming brand. Snai SpA, previously listed on the Milan Stock Exchange, has one of the largest networks of betting shops and gaming machines in Italy. Following the merger with the Cogemat group in 2015, Snaitech is now one of the largest gambling companies in the country, comprising more than 1,600 betting points and approximately 38,600 AWPs and 10,600 VLTs.

Snaitech is fully regulated in the markets in which it operates. In FY 2017, Snaitech reported total revenues of €890.0 million and EBITDA of €136.0 million, which grew to €894.6 million and €155.6 million respectively in FY 2018.



The Italian Opportunity



European Gaming Market by GGR, 2017 (€bn)

- Italy: **20.1**
- United Kingdom: **16.6**
- Germany: **13.9**
- France: **10.5**
- Spain: **8.6**

The acquisition of Snaitech demonstrates the scale of our commitment and belief in the long-term value of the Italian market. This is an exciting opportunity for Playtech, which now has a cornerstone presence in the largest, and one of the fastest-growing, gambling markets in Europe.

The land-based market in Italy stands at €17.1 billion, compared to the fast-growing online market, which grew 26% in 2018 to €1.9 billion. Online penetration is only 10%, compared to 43% in the UK, offering Playtech the opportunity to capture a larger part of this online market.

Encouragingly, the Italian market is predicted to grow, according to H2GC, at 1.7% CAGR through to 2021. This is expected to be driven by healthy online growth of 9% CAGR to 2021.

However, the regulatory landscape continues to change, and in 2018 we have seen legislation regarding the planned advertising ban, which will be effective from 2019. We believe that we are well positioned to adapt and manage this type of regulatory change. With the advertising ban facilitating market consolidation, companies with a strong retail brand and presence, like Snai, should be set to benefit and gain online market share.

Regulation in this market has also brought opportunities for Playtech, including an agreement in principle for shared liquidity in Poker with France, Spain and Portugal. Shared liquidity is likely to facilitate an increase in number of players in tournaments and an increased volume of gambling across the participating countries, which given our international presence should offer us a competitive economic advantage.

Playtech's significant investment in its Italian operations demonstrates our commitment to delivering first-class products and services for our operators across the territory. We believe the strength of the Snaitech brand in Italy, coupled with our leading technology, will allow the combined Group to capitalise on the significant opportunity.

The Snaitech Story

Snaitech was founded
Beginning of the management of Tris betting: start of TV broadcasting of horse races in all connected agencies by using a land-based network with microwave technology.
(1990)

Listing in Milan
Snai Servizi acquires - from Montedison Spa - the company Trenno Spa as well as the horse racing tracks of Milan and Montecatini as the parent company of Trenno Spa; the company is listed in the Milan Stock Exchange with the stock name "SNAI".
(1997)

Forming the Snai Group
This is the starting year for sports betting in Italy during the Football World Cup in France; the "horse betting agencies" become Snai Points. In that same year, the Snai Group is created, which participates in the tender for expanding the betting agency network.
(1998)

Starting of the operations in the New Slots market
(2004)

Beginning of the operations in VLTs market
(2010)

Cogemat/Cotetech merger with Snai Group
Snai acquired 100% of the share capital of Cogemat, giving rise to the first listed pole in Italy dedicated to entertainment.
(2015)

New app: Snai Sport
New portal: SNAI.it
(2015)

Transfer of the legal headquarters to Milan
(2016)

New casino page and new casino content
(H1 2016)

International certification on responsible online gaming
This important recognition rewards the approach followed by the Group which is increasingly committed to keeping gaming within the limits of conscious entertainment.
(2016)

Daily spin (becoming a key driver loyalty tool)
(H2 2016)

From Snai to Snaitech
In continuity with the occurred integration in Snai of the regulated 'Cogmat/Cogetech' companies, the corporate name changed from 'Snai S.p.A' to 'Snaitech S.p.A'
(2017)

Instant roulette (becoming key driver in cross-sell)
(H1 2017)

Creation of Snaitech Smart Technology
The addition to Snaitech is a research and development project with its aim being the unification of Snaitech's IT solutions.
(2017)

New gaming apps: Bingo, Sette e mezzo, Black Jack
(H2 2017)

Playtech acquires Snaitech
(2018)

ACQUISITION: Snaitech cont.

The combination of our market-leading brand and strong distribution network with Playtech's technology stack will enable us to increase our market share and cement our strong position in the market.

Fabio Schiavolin
Snaitech CEO

The Importance of our Partnership: Q&A with Fabio Schiavolin

+ Read more about the performance of Snaitech in the financial review on page 62

» **What is the Snaitech story?**

« Snaitech is the leading and largest retail betting brand in the Italian gambling market and has a long history, dating back to 1906. Originally, Snai was focused on horse racing and over the years has diversified into retail and online gambling, enabled by progressive regulation in Italy. The turning point came in 2015 when Snai merged with Cogetech to form Snaitech, combining retail betting and gaming machines to become a technology led company.

» **What excites you about being part of the Playtech family?**

« The combination of the two businesses creates the first gaming company to be fully vertically integrated across retail and online. Playtech's leading technology and experience in Italy, alongside Snaitech's powerful brand, mean we will be able to capitalise on the opportunity in the Italian market. We know the Playtech team very well, having worked with them since 2006, and we are really excited to continue working together going forwards.

» **What does Snaitech bring to the Italian market?**

« Snaitech has achieved strong brand awareness in Italy, with two out of three people recognising the brand as a leader in the betting market. We have strong ethical values and a commitment to responsible gambling, demonstrated by our G4 certification and our social and charitable initiatives. We also have a wide distribution network via our franchisees and work closely with them to deliver the best technology and retail gaming experience.

» **Tell us a bit about what Snaitech has been up to in the last 12 months.**

« The last 12 months have seen a number of changes to the regulatory landscape in Italy. We have done a good job navigating the complexities and have delivered a strong financial performance, maintaining our position as the market leader in the Italian retail market. We have redesigned the layout of many of our shops and, at the same time, successfully grown our online business.

» **What made Playtech the ideal partner for the future?**

« The combination of our market-leading brand and strong distribution network with Playtech's technology stack will enable us to increase our market share and cement our strong position in the market.

We are very pleased with the integration so far and we have made good progress on our financial KPIs. Playtech and Snaitech share the same DNA. We believe in being a technology-driven, customer-centric company and our cultures are very similar. We have always had a good relationship with Playtech, having been their customer for many years, and we look forward to what we can achieve as we move ahead as one group.

AN INTRODUCTION TO TRADETECH

SUCCESSFUL FINANCIAL TRADING SOLUTIONS

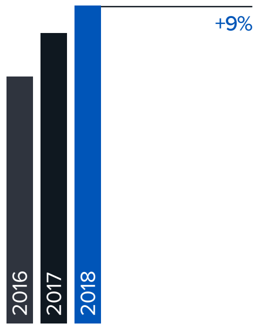
TradeTech Group is the financial division of Playtech plc, and is a specialist in next-generation B2C and B2B multi-channel trading software, systems and services.

What is TradeTech?

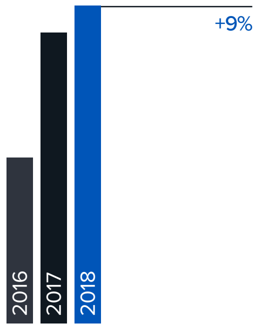
TradeTech's B2C offering is an established and rapidly growing online CFDs broker, operating the brand Markets.com, where customers can trade shares, indices, currency and commodity CFDs rapidly and securely using any device on our cutting-edge trading platforms.

The division's comprehensive B2B offering enables a full B2B turnkey solution for retail brokers. By licensing TradeTech's proprietary trading platform, CRM software, back-office and business intelligence systems, and utilising our exclusive liquidity technology, providing retail brokers with multi-asset execution, prime brokerage services, liquidity and risk management tools.

Highlights



€92.9m
Revenue



€29.5m
Adjusted EBITDA

+ Find out more about TradeTech on their website at: www.tradetech-group.com

Leading Responsible Gambling Practices

Our vision is to establish TradeTech as the world's leading B2B and B2C financial trading technology and liquidity provider.

Our easy-to-use Back Office (BO) systems and front-end trading platform coupled with decades of experience in leading-edge business intelligence technology means we are the first choice for our B2B partners to grow their businesses.

Our platform is the home for traders, providing them with valuable insight, tools and capabilities through product innovation, and enabling sustainable growth in an ever-evolving regulatory environment.

Ron Hoffman
TradeTech CEO

Our Services

FUNCTIONALITY
Multi-Device Functionality

LIQUIDITY
CFH Liquidity Solutions

SOFTWARE
Proprietary Software

MANAGEMENT
Risk Management

DATA
Data-Driven Intelligence

SUPPORT
Dedicated Support Personnel

Our Companies

CFH CLEARING
TRADETECH PLAYTECH FINANCIALS
MARKETS.COM

OUR PRODUCTS & PLATFORM

Liquidity and Risk Management – Powered by CFH Clearing

With our liquidity arm CFH Clearing, one of the most powerful STP venues for Tier 1 liquidity, we offer a comprehensive turnkey solution for CFD products.

Using a gateway to access the whole interbank market through our own sophisticated technology, clients get all the necessary tools and support to run their businesses effectively. Thanks to the strength of our relationships with our liquidity providers and prime brokers (BNP Paribas and Jefferies), CFH Clearing can now offer a wide range of liquidity providers and accommodate multiple third-party platforms.

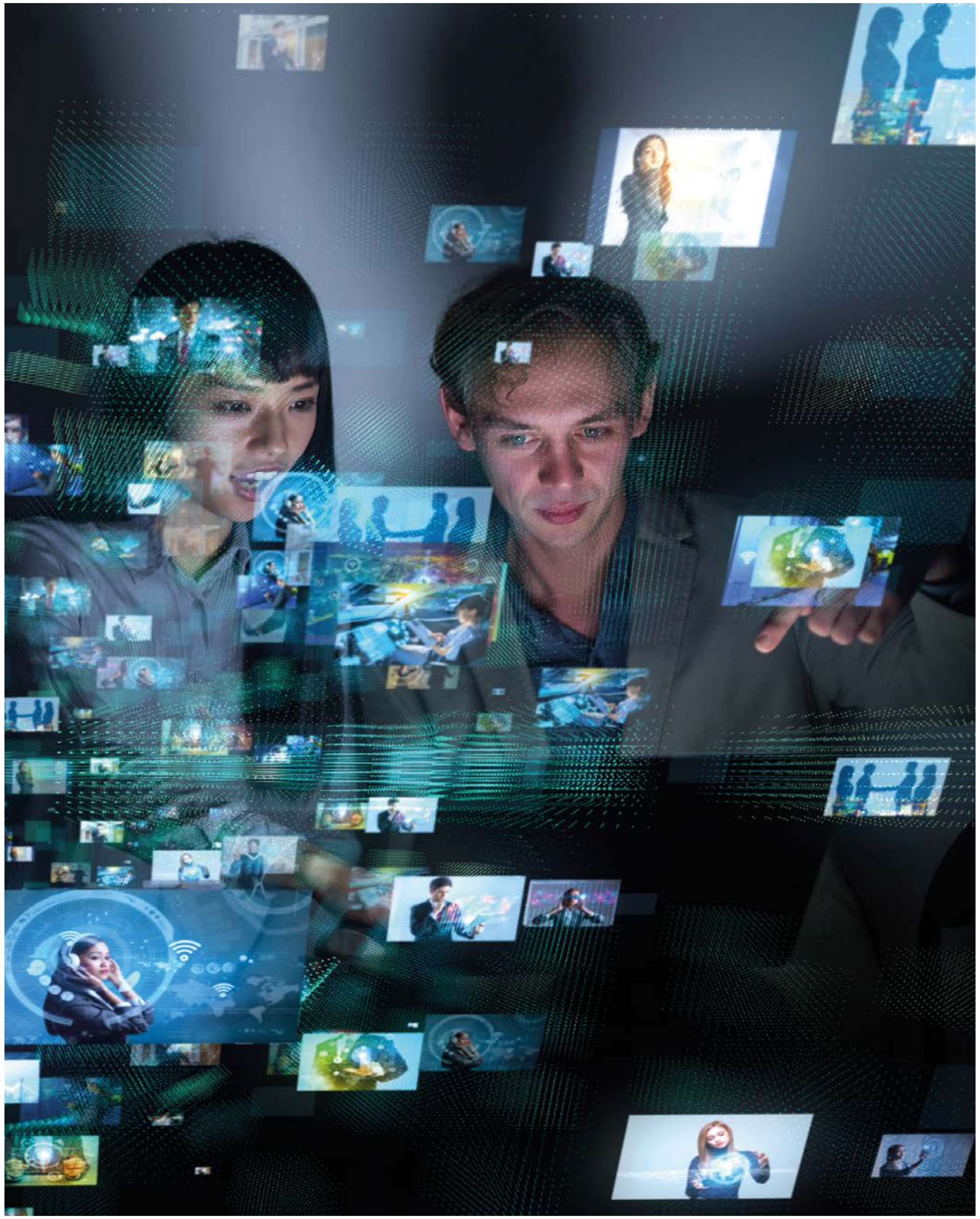
Top features of the CFH Clearing technology include:

- Low Latency Execution
  Benefit from fast execution, low rejections and slippage
- Colocation
  Colocated in Equinix LD4, TY3 and NY4. Cross connected with all liquidity providers
- Global Connectivity
  Dedicated private fibre lines to enhance execution speed and reliability

Risk Management Technology

Innovative and cutting-edge ClearVision brokerage technology allows customers to manage liquidity, risk, collateral and reporting in a unified platform with one single dashboard. The solution is flexible and can be customised, allowing customers to connect to multiple liquidity providers and third-party trading platforms.

- Easy To Use
  Monitor and hedge trade exposure from one risk dashboard
- Simplify Complex Scenarios
  Consolidate or manage multiple risk books
- Business Intelligence Functionality
  Search, assess and identify trading patterns
- One Risk Dashboard
  Monitor real-time client and hedge exposure
- Liquidity Control
  Aggregate and customise liquidity
- Web Back Office
  Complete back office solution in the cloud
- Block Trading
  Trade allocation (PAMM)
- Back Office API
  Integrate ClearVision to a proprietary back office



Back Office (BO) Systems

Our easy-to-use back office (BO) systems and front-end trading platform coupled with decades of experience in leading-edge business intelligence technology include:

- CRM Back Office (CRMBO)
  Our flagship system is secure, customisable, user-friendly and can adapt to multiple regulatory frameworks. It's designed to address every aspect of your operation – sales, retention and back office (BO) management
- Sales Platform Application (SPA)
  Our proprietary Sales Platform Application (SPA) platform has been developed specifically to optimise sales workflows for enhanced business performance. It helps sales agents track their leads more efficiently
- Retention Platform Application (RPA)
  Our Retention Platform Application (RPA) platform is tailor-made for enhancing customer engagement. It serves as a foundation for long-term partnerships, allowing retention agents to identify key patterns in their portfolios
- Client Portfolio Management (PLATON)
  Advanced system delivers large-scale and in-depth views of clients' accounts, enabling you to monitor all activities with a wide range of parameters. Get detailed analysis of trading patterns and investment behaviour

Marketing Automation Solutions

Our solutions allow brokers to build and maintain personal relationships with customers, resulting in enhanced brand engagement to maximise each client's value. Using behavioural data from a wide variety of sources to generate automated campaigns that guide your clients' online trading journey in real time. Advantages include:

- Personalised Customer Journey
  Tailor a specific, perfectly charted and impeccably timed journey for each trader
- Real-Time Campaigns
  Utilise the real-time communication centre to respond to your customer's actions on the spot
- Flexible Customer Clustering
  Collect data from multiple sources and elastically cluster customer bases by more than 100 attributes
- Multi-channel Communications
  Send messages via social media, email, push notifications, in-app messaging and popups
- Actionable Insights
  Stay on top of things with our unique analytics suite, complete with bespoke dashboards and reporting

Business Intelligence (BI) Reporting

Our state-of-the-art reporting system is powered by SAS, one of the world's leading data management software companies. Its reports are designed to help agents and managers monitor and analyse their work accurately, improving results for better business performance. Key reports include:

- Management
  Allow senior staff to gain clear insights into major KPIs
- Back Office
  Provide finance, support and verification departments with substantive data
- Risk and Dealing
  Enable Dealing Desk and Risk managers to identify and limit risk
- Marketing
  Arm your communication experts with optimisation tools to drive revenue
- Sales and Retention
  Enable front-line teams to fully engage with their daily duties

TRADETECH 360 SOLUTION

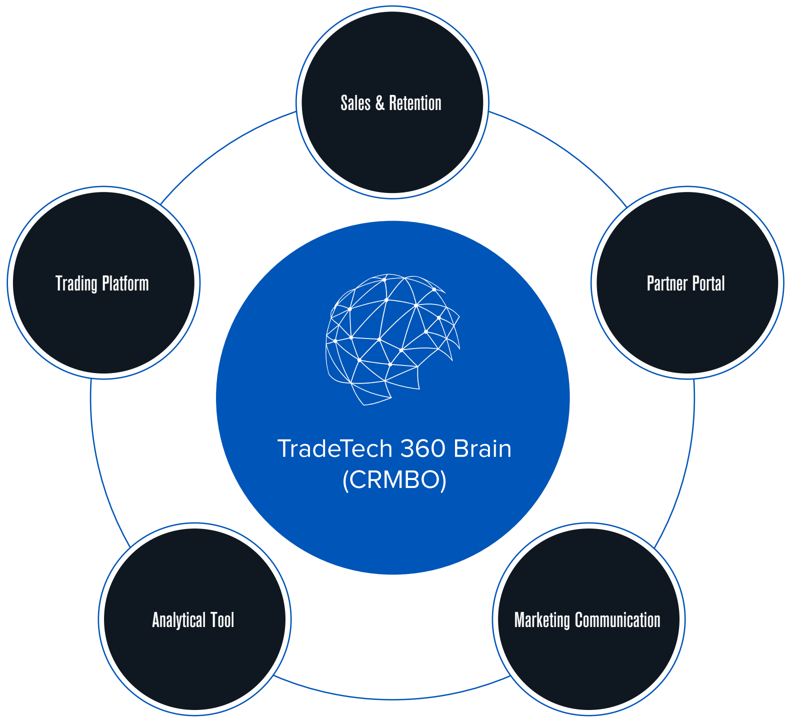
SOPHISTICATED & ROBUST TECHNOLOGY

TradeTech believes its superior technology and services in its B2B segment afford it a strategic advantage in the early stage and underdeveloped financial trading industry.

TradeTech 360 Brain

TradeTech 360 enables brokers to efficiently operate a complex multi-brand, multi-license, multi-channel, and multi-risk model across the globe. The Group has a strong pipeline of brokers looking to improve their business operationally by migrating to TradeTech's systems and infrastructure and the company believes this will become a significant growth factor of the B2B proposition.

- Enables brokers to efficiently operate a multi-brand, multi-licence, multi-jurisdiction, multi-channel and multi-risk model business across the globe
- Gives brokers access to the industry's most powerful management system (CRMBO) and its data-driven BI tools and our unique front-end trading technology
- All the tools and capabilities needed to efficiently manage every aspect of the broker's business
- Systems tailored for each part of the business. Managed centrally by CRMBO
- Simple customisation and solid foundations for future growth



PERFORMANCE

FINANCIAL REVIEW

IMPROVED FINANCIAL PROFILE

Andrew Smith
Chief Financial Officer

Presentation of results

The Directors believe that in order to best represent the trading performance and results of the Group, the reported numbers should exclude certain non-cash and one-off items, including amortisation of intangibles on acquisitions, professional costs on acquisitions, additional consideration payable for put/call options, one-off employee related costs, finance costs and contingent consideration movement on acquisitions, unrealised changes in fair value of equity investments recognised in the period, deferred tax on acquisitions, non-cash accrued interest and additional various non-cash charges.

The Directors believe therefore that Adjusted EBITDA and Adjusted Net Profit, which include realised fair value changes on equity instruments disposed of in the period, more accurately represent the trading performance of the business. As a result, Adjusted EBITDA and Adjusted Net Profit are the key performance metrics used by the Board when assessing the Group's financial performance. A full reconciliation between the actual and adjusted results is provided in Note 6 of the financial statements.

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

Overview

Total reported revenue increased by 54% and Adjusted EBITDA increased by 7%. Adjusted Net Profit increased by 11%. On a constant currency basis, revenue increased by 55%, Adjusted EBITDA increased by 8% and Adjusted Net Profit increased by 6%.

Playtech completed the acquisition of 70.6% of Snaitech on 5 June 2018 and subsequently acquired the remainder of company, with Snaitech becoming a wholly owned subsidiary within the Group on 3 August 2018. Snaitech's balance sheet and income statement are included in Playtech's results from 5 June 2018.

Playtech continues to be highly cash generative, with net cash from operations up 26% to €387.1 million compared to €306.7 million in 2017.

Playtech made significant progress on balance sheet efficiency during 2018. Playtech started 2018 with €584.0 million in gross cash and, after adjusting for cash held on behalf of client funds, progressive jackpots and security deposits, Playtech had Adjusted Gross Cash of €386.8 million[1]. Playtech started 2018 with the €200 million drawn credit facility and €276.5 million carrying value of its convertible bond as debt. During 2018, Playtech took a bridge loan of €412 million to finance the acquisition of Snaitech and sold its equity investments in GVC and Plus500 for €447 million. In October 2018, Playtech raised €530 million senior secured notes maturing in 2023, which represented the Company's first public debt offering, securing a public rating on its debt in the process. Playtech used the proceeds of the notes, along with the proceeds from the sales of its stakes in GVC/Ladbrokes and Plus500, towards repaying the €412 million bridge loan and refinancing Snaitech's existing €570 million senior secured notes.

Playtech continues to be highly cash generative, with net cash from operations up 26% to €387.1 million compared to €306.7 million in 2017. The net cash from operations represents an 89% conversion from Adjusted EBITDA after excluding cash movements which are not reflected in Adjusted EBITDA, such as movements in jackpot liabilities, customer security deposits, changes in client equity and professional fees on acquisitions and financing.

1: Following the completion of the acquisition of Alpha, and transition of the customers from ACM to TradeTech Alpha, certain trading balances and client money protections were transferred in January 2018. As a result, additional client funds are recognised in H1-18 which, at FY 17, were eligible counterparty balances (within accounts payable) and not subject to client money rules.

Revenue (Table A)

Total revenue increased by 54% to €1,240.4 million (2017: €807.1 million) and by 55% on a constant currency basis, with underlying revenue, after excluding acquisitions at constant currency, decreasing by 12%.

Gaming B2B

Casino revenue decreased by 22% in 2018 and by 21% on a constant currency basis. This fall was due to a 41% decrease in revenues from Asia versus 2017. The decrease in Asia was partially offset by a 12% increase in regulated revenues, which represented 43% of total casino revenues in 2018. Mobile casino revenue continued to increase, growing 12% year-on-year in 2018.

Sport revenue increased by 12% in 2018 and by 13% on a constant currency basis. The increase was driven by a 10% increase in retail sports revenues which came from the OPAP agreement. Additionally, revenues generated in Mexico, Belgium and the UK contributed to the growth in sport.

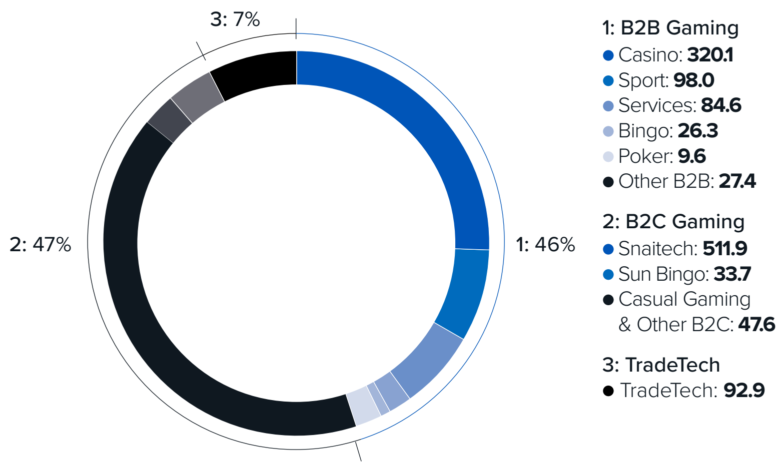
Services revenue decreased by 10% on a reported basis and by 9% on a constant currency basis. The decrease is mainly due to revenues generated in .com markets. Conversely, revenues from regulated markets grew by 12%, driven by a 14% increase in live services revenues and a 46% increase in revenues from the structured agreements with Caliente and Marca.

Bingo revenue was up 1% on a reported basis and 2% on a constant currency basis, mainly due to a 14% increase in retail bingo and a marginal increase in online bingo.

Poker reported revenue increased by 1% versus 2017 and by 2% on a constant currency basis. This increase was driven by 9% growth in regulated markets, with regulated revenues reflecting 68% of total poker revenues in 2018, compared to 63% in 2017.

Other revenue grew by 4%, mainly due to an increase in revenues from the IGS casino management system and revenues from Beehive. Underlying revenue, excluding acquisitions and on a constant currency basis, grew by 1% compared to 2017.

A: Revenue



	2018 €m	2017 €m	Change	Constant Currency Change
Gambling Division	1,147.5	722.2	59%	60%
Gaming B2B	566.0	656.7	-14%	-13%
Casino	320.1	412.8	-22%	-21%
Sport	98.0	87.5	12%	13%
Services	84.6	94.4	-10%	-9%
Bingo	26.3	26.2	1%	2%
Poker	9.6	9.5	1%	2%
Other	27.4	26.4	4%	5%
Gaming B2C	593.2	70.2	744%	745%
Snai	511.9	–	100%	100%
Sun Bingo	33.7	23.6	43%	44%
Casual & Other B2C	47.6	46.6	2%	3%
ICE (Intercompany eliminations)*	-11.7	-4.8	–	–
Financial Division	92.9	84.9	9%	13%
Total Revenue	**1,240.4**	**807.1**	**54%**	**55%**

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

FINANCIAL REVIEW cont.

B: Adjusted EBITDA & Adjusted EBITDA margin

	2018 €m	2017 €m
EBITDA	287.8	277.1
Employee stock option expenses	13.7	15.1
Professional expenses on acquisitions	27.1	2.4
One-off employee related costs	–	5.0
Gain/(Loss) from the disposal of equity accounted associates	(0.9)	0.7
Impairment of investments	8.0	14.9
Amendment to deferred consideration	1.7	–
Provision for other receivables	5.6	–
Additional consideration payable for put/call options	(2.4)	5.3
Cost of business reorganisation	2.4	1.1
Adjusted EBITDA	343.0	322.1
Adjusted EBITDA margin	27.7%	39.9%
Adjusted EBITDA at a constant currency basis	346.3	322.1
Adjusted EBITDA margin on a constant currency basis	27.9%	39.9%
EBITDA related to acquisitions at constant currency	(90.7)	(2.0)
Underlying Adjusted EBITDA	255.6	320.1
Underlying Adjusted EBITDA margin	**20.6%**	**39.9%**

C: Cost of Operations

	2018 €m	2017 €m	Change
Gambling Division	833.9	427.0	95%
Total B2B Gaming	313.4	330.2*	-6%
Research and development	80.5	87.4	-8%
Operations	150.8	157.2	-4%
Administrative	62.1	68.0	-9%
Sales & marketing	20.0	17.6	14%
Gaming B2C	532.2	101.7	424%
Snai	418.9	–	100%
Sun Bingo	53.8	52.4	3%
Casual & Other B2C	59.5	49.3	21%
ICE (Intercompany eliminations)	-11.7	-4.8	–
Financial Division	63.5	58.0	9%
Total Group	**879.4**	**485.0**	**85%**

* The comparative figures of 2017 were adjusted following a reclassification, reflecting a more correct presentation of the Research and development and Operations costs.

Gaming B2C:

Snaitech

On 5 June 2018 Playtech completed the acquisition of 70.6% of Snaitech, meaning the company became a subsidiary of the Playtech Group and it has been consolidated from this date. Playtech also acquired 10.8% of Snaitech's issued share capital through market purchases and as of 30 June 2018, Playtech held 81.4% of the issued share capital of Snaitech. On 26 July Playtech completed the acquisition of an additional 15.1% of Snaitech's shares through a mandatory tender offer and additional purchase of shares in the market. On 3 August 2018 Playtech completed the acquisition of 100% of Snaitech and delisted the company from the Borsa Italiana.

Snaitech revenues for the whole of 2018 increased by 1.0% to €894.6 million, driven by an increase in wagers from online betting and online games. Total online revenues increased by 27.4% and retail betting revenues by 2.4%, driven largely by a higher volume of wagers including a positive contribution from the 2018 World Cup and partially offset by higher payouts. These increases were offset by a 2.5% decrease in gaming machine revenues driven by the PREU (Italian tax) increase and partially offset by a reduction in video lottery terminal (VLT) payouts.

Sun Bingo

Sun Bingo revenue increased significantly by 43% and by 44% on a constant currency basis. The increase demonstrates the continued focus on targeted and data-driven marketing. Further details on the amended contract with News UK are included below.

Casual & Other B2C

Revenue from Casual & Other B2C increased by 2% and decreased by 42% excluding acquisitions. The increase is driven by retail sport white-label arrangements, whilst offset slightly by a decrease in Casual revenue following an expected decline in the 'Narcos' game as marketing efforts focused on new Casual games.

Casual and B2C saw adjusted EBITDA fall from a loss of €2.6 million to a loss of €12 million due to investment in HPYBET, our B2C Sports offering in Germany and Austria, and a loss in Casual as revenue from the Narcos game slowed and investment went into new titles.

TradeTech Group

TradeTech's revenue increased by 9% in 2018, or 13% on a constant currency basis. The increase was driven by increased B2B volume, together with a full-year inclusion of the Alpha business, which was consolidated from 1 October 2017.

Adjusted EBITDA and Adjusted EBITDA margin (Table B)

Snaitech, which was consolidated from 5 June 2018, contributed €93.0 million to the Group's 2018 Adjusted EBITDA. The underlying Adjusted EBITDA decreased by 21% compared to 2017, predominantly due to the fall in revenues from Asia.

Cost of Operations (Table C)

Gaming B2B

Research and development (R&D) costs include, among others, employee related costs, dedicated teams' direct expenses and proportional office costs. Expensed R&D costs decreased in 2018 by 8% to €80.5 million due to an increase in capitalised development costs, as a result of extensive investment in Playtech's platform, innovation and the Playtech ONE solution in Sport. Capitalised development costs were 37% of total Gaming B2B R&D costs in the period, compared to 33% in the comparable period. Gross R&D costs were down by 2% in 2018, compared to 2017, mainly due to a decrease in outsourced development costs, dedicated teams cost, a decrease in office and rent costs of 14%, while employee related costs were up by only 0.6%, an increase mainly due to new acquisitions.

The Operations cost line includes employee related costs and their direct expenses, operational marketing costs, hosting, licence fees paid to third parties, branded content, terminal hardware costs & maintenance, feeds, chat moderators and proportional office costs. Operations costs decreased by 4% to €150.8 million in 2018. The decrease in the operational costs is mainly due to lower employee related costs, less chat moderator costs, following optimisation, lower licence fees paid to third parties and lower hardware costs.

Administrative costs decreased by 9% mainly due to decrease in employee related cost, doubtful debt and office costs, set off by an increase in compliance costs.

Sales and marketing costs mainly include employee related costs, their direct expenses, marketing and exhibition costs. Sales and marketing costs increased by 14% to €20.0 million. The increase is mainly due to employee related cost and an increase in exhibition costs.

Gaming B2C

Snaitech

Snaitech operating costs for the whole of 2018 increased marginally by 0.6%. The increase was largely due to higher marketing costs related to the football World Cup, whilst mitigated slightly by a decrease in employee costs.

Sun Bingo

Despite an increase in revenue-driven costs, linked to an increase in revenues, total costs were marginally higher by 3% over 2017, mainly due to lower employee related costs.

The loss from Sun Bingo in 2018 decreased by 30% to €20.1 million (2017: €28.8 million)**.

An amendment to our contract with News UK to run Sun Bingo has been agreed and extended for a period of up to 15 years. Minimum guarantee cash payments will continue until mid-2021 under terms of original contract. From a P&L perspective the minimum guarantee payments will be spread over the life of the extended contract. The new extended contract is a joint commercial collaboration with no further minimum guarantees from mid-2021. From 2019 onwards, the Sun Bingo contract should no longer be loss-making from a P&L perspective.

Casual and Other B2C

Casual & Other B2C costs increased largely due to acquisitions. Excluding acquisitions, operational costs in Casual & Other B2C Gaming decreased by 14% in line with the decrease in revenues, as these costs were largely revenue-driven.

TradeTech Group

TradeTech's cost of operations increased by 9% in 2018, in line with the increase in revenue. The increase was driven by increased direct costs from volume and revenue improvements, together with an increase in costs related to the Alpha business.

Depreciation and amortisation

Depreciation increased in 2018 by 61% to €42.7 million, mainly due to the acquisition of Snaitech. Excluding acquisitions, depreciation increased by 22%.

Amortisation expense, excluding amortisation of intangibles on acquisitions, increased significantly by 73% to €62.2 million, largely due to the acquisition of Snaitech. Excluding the amortisation within acquisitions, amortisation increased by 17%, in line with the increase in capitalised development costs.

Finance costs and income

Following the acquisition of Snaitech and the refinancing of the Snaitech bonds, adjusted finance costs increased by 68% to €40.4 million. The increase was driven by a €29.5 million rise in interest expenses, which was offset by a €15.1 million fall in exchange rate differences. Adjusted finance income increased by 92%, driven by increased dividends from the equity investments in Plus500 of €28.1 million (2017: €11.4 million) and Ladbrokes of €5.9 million (2017: €5.0 million).

Tax

The Group's underlying effective tax rate of 10% is impacted by the geographic mix of profits and reflects a combination of higher headline rates of tax in the various jurisdictions in which the Group operates when compared with the Isle of Man standard rate of corporation tax of 0%. The Group's reported tax rate for the year is materially impacted by overseas provisions in respect of prior years' tax. These adjustments relate to the tax effect of the settlement of open enquiries with the Israeli tax authorities.

The adjusted tax charge in 2018 was €35.1 million (2017: €21.9 million). The increase is mainly due to acquired companies registered for taxation in higher tax jurisdictions as well as profits being recognised in higher taxing territories increasing Playtech's effective tax rate and an increase in withholding taxes due to higher dividend income.

Cash taxes are lower than P&L taxes mainly due to tax loss carryforwards available in Italy following the acquisition of Snaitech.

Israel tax agreement

Following a civil tax audit, Playtech reached an agreement with the Israeli tax authorities on 31 December 2018. The civil tax audit covered the ten fiscal years from 2008 to 2017 (inclusive). As a result of the audit, the Israeli tax authorities made transfer pricing adjustments in relation to certain functions performed by the Playtech Group in Israel during this period. The agreement covers the full period from 2008 to 2017, and the Playtech Group will pay additional tax of approximately €28 million. No penalties were imposed as a result of the audit; and the agreement covers the entirety of the Playtech Group's activity in Israel.

This additional tax charge has been included as an exceptional item in 2018. The cash payment related to the settlement was made in January 2019.

Adjusted profit and Adjusted EPS (Table D)

Adjusted diluted EPS increased by 9% and the underlying Adjusted diluted EPS on a constant currency basis excluding acquisitions increased by 8% compared to 2017. Adjusted diluted EPS is calculated using a weighted average number of shares in issue during 2018 of 353.3 million.

D: Adjusted profit and Adjusted EPS

	2018 €m	2017 €m
Profit for the year – attributable to owners of parent	123.8	248.1
Amortisation and impairment of intangibles on acquisitions	47.9	58.8
Employee stock option expenses	13.7	15.1
Professional expenses on acquisitions	27.1	2.4
Cost of business reorganisation	2.4	1.1
Finance costs on acquisitions	8.5	–
Gain on early repayment of the bond loans	(8.4)	–
Tax for previous years	28.4	5.2
(Gain)/loss from the disposal of equity accounted associates	(0.9)	0.7
Impairment of investments	8.0	15.4
Amendment to deferred considerations	1.7	–
Provision for other receivables	5.6	–
Fair value change of equity instruments	1.7	–
Non-cash accrued bond interest	10.7	10.2
Fair value change for put/call options	(2.4)	5.3
Deferred tax on acquisition	(9.9)	(4.6)
Movement in deferred and contingent consideration	(1.9)	(126.4)
Adjusted profit for the year – attributable to owners of the parent	**256.2**	**231.4**
Adjusted basic EPS (in Euro cents)	**81.3**	**73.6**
Adjusted diluted EPS (in Euro cents)	**72.9**	**66.8**
Constant currency impact	9.6	–
Adjusted profit for the year attributable to owners of parent on constant currency	265.8	231.4
Adjusted Net Profit on constant currency related to acquisitions	(32.7)	(18.8)
Underlying adjusted profit for the year – attributable to owners of the parent	**233.1**	**250.3**

** The cost includes intercompany B2B software charges

FINANCIAL REVIEW cont.

Cash Flow

Playtech continues to be highly cash generative and once again delivered strong operating cash flows of €387.1 million; €289.5 million after excluding Snaitech.

Cash Conversion (Table E)

Excluding Snaitech, operating cash conversion from Adjusted EBITDA is in line with the 2017 conversion rate after adjusting for jackpots, security deposits and client equity, payable dividend and professional and finance costs on acquisitions. Adjusting the above cash fluctuations is essential in order to truly reflect the quality of revenue and cash collection. This is because the timing of cash inflows and outflows for jackpots, security deposits, client equity and payable dividend only impacts the reported operating cash flow and not EBITDA, while professional expenses and finance costs relating to acquisitions are excluded from adjusted EBITDA but impact operating cash flow.

Net cash from investing activities totalled €49.2 million in the period, of which €487.6 million (2017: €62.9 million) relates to acquisitions. €412.8 million of this was spent on the acquisition of Snaitech, which was netted off against €161.1 million of the cash acquired and €481.2 million of proceeds from the sale of, and dividends received from, the equity investments in Ladbrokes-Coral/GVC and Plus500. Cash outflows used for financing activities totalled €393.6 million which included a €580.6 million repayment relating to Snaitech bonds, repayment of the €200 million of drawn revolving credit facility and €22.1 million of interest paid. This was netted off by the €523.4 million of net proceeds from issuing the five-year senior secured fixed rate notes. Dividend paid in 2018 totalled €113.3 million (2017: €104.7 million).

E: Cash Conversion

		Excluding Snai	
	2018 €m	**2018 €m**	2017 €m
Adjusted EBITDA	**343.0**	**247.0**	**322.1**
Net cash provided by operating activities	387.1	289.5	306.7
Cash conversion	113%	117%	95%
Increase in progressive, operators' jackpots, security deposits	(4.2)	(5.1)	(15.9)
Increase in client deposits and client equity	(70.1)	(67.6)	(32.1)
Dividends payable	(4.3)	(4.3)	(0.7)
Professional expenses on acquisitions	27.1	21.7	2.4
Finance costs on acquisitions	8.5	8.5	–
Adjusted net cash provided by operating activities	**344.2**	**242.7**	**260.4**
Adjusted cash conversion	**89%**	**84%**	**85%**

F: Contingent Consideration

Contingent consideration and redemption liability increased by €6.5 million and comprise the following:

Acquisition	Contingent Consideration and Redemption Liability as of 31.12.18	Maximum Payable Earnout	Payment Date
ACM Group	€73.7 million	€126.7 million	€2.4 million Q1 2019 €71.3 million Q1 2020
Playtech BGT Sports Ltd	€25.7 million	€100.0 million	€25.7 million Q2 2020
Consolidated Financial Holdings	€21.8 million	€63.9 million	Q2 2019
Destres	€10.1 million	€15.0 million	Q2 2021
Quickspin AB	€14.6 million	€14.6 million	Q1 2019
ECM Systems Holdings Ltd	€0.8 million	€0.8 million	Q1 2020
BetBuddy	€2.2 million	€2.2 million	€0.8 million Q4 2019 €1.4 million Q4 2020
GenWeb	€2.3 million	€2.3 million	Q4 2019
Eyecon Limited	€1.3 million	€27.8 million	€1.3 million Q2 2021
Other	€6.3 million	€9.6 million	
Total	**€158.8 million**	**€362.9 million**	

Balance sheet and financing

Cash

As at 31 December 2018, cash and cash equivalents amounted to €622.2 million (2017: €584.0 million). Cash net of client funds, progressive jackpot and security deposits amounted to €312.7 million (2017: €386.8 million).

Sale of equity investments in GVC/Plus500

During the first half of 2018 Playtech sold its holdings in GVC/Ladbrokes-Coral for proceeds of €254 million. The carrying value of this investment was €261.9 million and the sale resulted in a €7.9 million loss on sale of investment. Playtech also received €5.9 million in dividends prior to divesting its stake.

The Group sold its holdings in Plus500 during the second half of 2018 for proceeds of €193 million. The sale resulted in a gain of €73.6 million. Playtech also received €28.1 million in dividends prior to divesting its stake.

The Company generated a combined total of €447.2 million from the sales of GVC/Ladbrokes and Plus500 in 2018 as well as a further €34 million in dividends.

As of 31 December 2018, the equity investment balance is €1.4 million (2017: €381.3 million).

Bond financing

In October 2018 the Group raised €530 million five-year senior secured fixed rate notes (3.75% coupon, maturity 2023). Own cash resources, proceeds from the issued notes and the proceeds from the equity investment sales, were used to fully repay the €200 million drawn revolving credit facility and consequently cancel the bridge facility used to acquire Snaitech for a total of €412 million, and fully repay the bond loans held by Snaitech.

In addition, the Group has successfully increased its revolving credit facility to a total of €272 million, which remains undrawn to date. The facility is for a term of three years with a one-year extension option.

In order to maximise the efficiency of shareholder returns the Board has adopted a new policy to reallocate part of its payout ratio into share repurchases. Under the revised policy, future returns will be balanced between dividends and share buybacks. It is the Board's intention that the overall level of capital returned to shareholders will continue to be progressive, in line with medium-term earnings.

Share buyback and dividend

In order to maximise the efficiency of shareholder returns the Board has adopted a new policy to reallocate part of its payout ratio into share repurchases. Under the revised policy, future returns will be balanced between dividends and share buybacks. It is the Board's intention that the overall level of capital returned to shareholders will continue to be progressive, in line with medium-term earnings.

Following adoption of the revised policy, the Board has approved an initial share repurchase programme of €40 million and a final dividend declared of 12.0 €cent per share. For shareholders wishing to receive their dividends in Sterling, the last date for currency elections is 10 May 2019.

Dividend timetable:

Ex-dividend date:
Thursday 2 May 2019

Record date for dividend:
Friday 3 May 2019

Currency election date:
Friday 10 May 2019

Payment date:
Friday 31 May 2019

Share buyback programme

Playtech has entered into irrevocable, non-discretionary arrangements with Goodbody Stockbrokers UC ('Goodbody') and UBS Limited to repurchase shares on its behalf of up to €40 million. The share repurchase programme will commence (22 February 2019), subject to market conditions, and it is intended that ordinary shares will be repurchased on the London Stock Exchange.

The purpose of the share repurchase programme is to reduce the Company's share capital and ordinary shares purchased by Playtech will be cancelled.

Goodbody will undertake the initial tranche of share repurchases, up to a total consideration of €20 million. Following completion of this tranche, UBS Limited will undertake the second tranche of up to a further €20 million.

Goodbody and UBS will make their trading decisions in relation to Playtech's ordinary shares independently of, and uninfluenced by, Playtech. The share buyback programme will be conducted in accordance with Playtech's general authority to repurchase ordinary shares as approved by shareholders at its 2018 annual general meeting held on 16 May 2018, the parameters prescribed by the Market Abuse Regulation 596/2014/EU and the applicable laws and regulations of the London Stock Exchange.

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

Andrew Smith
Chief Financial Officer

20 February 2019

RISKS & UNCERTAINTIES

Change in Risk

▲ Increase
▶ No change
▼ Decrease

The risks outlined below are those principal risks and uncertainties that are material to the Group. They do not include all the risks associated with Group activities and are not set out in any order of priority.

How these risks are identified is described in the Corporate Governance section on pages [63 and 64]. Achieving Playtech's strategic objectives while minimising the key risks the business faces will deliver sustainable and long-term growth.

Risk	Description	Mitigation
Regulation – Licensing Requirements (both Gambling and Financial) ▶ Likelihood: Low Impact: High	Playtech holds several licences for its activities from regulators. The review and/or loss of all or any of these licences may adversely impact on the operations, revenues and/or reputation of the Group.	Playtech has a fully resourced Compliance team, which advises and supports the Board and executive management to ensure implementation of the policies, procedures and controls in place to protect its licence to operate. The Compliance team advises, approves and monitors Group activities to ensure that the organisation is compliant with regulatory and licensing requirements. In 2018, Playtech acquired Snaitech, which increased the Group's presence in regulated markets and its vertically integrated operations. The compliance functions of Playtech and Snaitech are working to align compliance and regulatory processes.
Regulation – Local Technical Regulatory Requirements (both Gambling and Financial) ▶ Likelihood: Low Impact: Medium	Local regulators have their own specific requirements, which often vary on a country-to-country basis. In addition, new requirements may be imposed. For example, a requirement to locate significant technical infrastructure within the relevant territory or to establish and maintain real-time data interfaces with the regulator. Such conditions present operational challenges and may prohibit the ability of licensees to offer the full range of the Group's products.	Playtech works closely with regulators to understand specific local requirements along with any new requirements when operating and/ or entering into a market. The Compliance team advises the business on these local requirements to ensure Playtech is compliant with existing requirements, whilst anticipating new requirements and engaging with local regulators on a frequent basis.
Taxation (both Gambling and Financial) ▶ Likelihood: Medium Impact: Medium	Given the dynamic nature of tax rules, guidance and tax authority practice, the business is exposed to continuously evolving rules and practices governing the taxation of e-commerce activity in various jurisdictions. Such taxes may include corporate income tax, withholding taxes and indirect taxes. As such, it is imperative to ensure compliance with all relevant tax regulations and requirements in each jurisdiction that Playtech operates.	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. The Head of Tax keeps the Board and executive management fully informed of developments in domestic and international tax laws within jurisdictions where the Group has a local presence. During the year, the Board reviewed and adopted the Group's UK Tax strategy statement (available at https://www.playtech.com/responsibility-regulation/tax-strategy) and a new Anti-Facilitation of Tax Evasion Policy in line with the changing tax environment.
Regulatory – Capital Adequacy (Financial only) ▶ Likelihood: Low Impact: Medium	The requirement to maintain adequate regulatory capital may affect the Group's ability to conduct its business and may reduce profitability.	Our proprietary automated reporting system is used to monitor capital adequacy 24 hours a day on a real-time basis. This is considered within pre-determined limits, set by the risk management committee, which include an approved level of 'buffer' to ensure that levels determined by our regulators are not breached. Where the capital adequacy levels approach the pre-determined limits, necessary steps are taken to ensure that exposures are managed so as to not fall foul of regulatory requirements.

Risk	Description	Mitigation
Regulatory – Data Protection (both Gambling and Financial) ▶ Likelihood: Medium Impact: High	The requirements of the new EU General Data Protection Regulations (GDPR) came into force in May 2018. The regulation is mandatory and all organisations that hold or process personal data must comply with these regulations.	The Group-wide project initiated in 2017 was completed successfully, ensuring that all personal data handling obligations were met within the required time frame. Data Protection is now an inherent part of BAU tasks and there is dedicated data protection training in place, as part of the Compliance Training Programme completed by all Playtech employees on annual basis. GDPR continues being a priority for the Playtech Board and its executive management.
Regulatory – Preventing Financial Crime (both Gambling and Financial) ▶ Likelihood: Medium Impact: Medium	Policymakers in the EU and at national levels have taken steps to strengthen financial crime legislation covering Anti-Money Laundering (AML), prevention of facilitation of tax evasion and Anti-Bribery and Corruption (ABC). Non-compliance could result in investigations, prosecutions, loss of licences and/or an adverse reputational impact.	The Group takes a zero-tolerance approach to bribery and corruption. Playtech's Ethics Policy sets out the overarching standards around business conduct, corporate governance, commitments to employees and corporate citizenship. In 2018, this policy was updated along with Anti-Bribery & Corruption and Anti-Money Laundering policies to include changes in legislation, regulations and industry good practice. In addition, the Company approved a new Anti-Facilitation of Tax Evasion policy. Policies, risk assessments and operational procedures are refreshed to ensure alignment with evolving regulatory frameworks. The Board and Risk Committee have oversight of AML, ABC and tax risk. The Compliance team has day-to-day oversight of AML and ABC policy and implementation, including training.
Regulatory – Responsible Gambling (Gambling only) ▶ Likelihood: High Impact: Medium	Regulators, industry, charities and the public at large continue to challenge the gaming and betting sector to make gambling and gaming products safer, fairer and crime free. In addition, licensing requirements are regularly updated to ensure that companies in the sector provide a safe environment for consumers.	Playtech reviews its operational policies and procedures on safer gambling to align with changes to the regulatory landscape, changes in business model, evolving industry standards and best practices as well as technological developments. Playtech has been investing in a range of safer gambling initiatives that cover data analytics as well as game design, customer interaction and cross-sector collaboration, including the acquisition of BetBuddy in 2017. Playtech's long-term strategic objective is to develop and offer best-in-class tools and data that can help raise standards in operations and across the industry.

RISKS & UNCERTAINTIES cont.

Change in Risk

▲ Increase
▶ No change
▼ Decrease

Risk	Description	Mitigation
Mergers and Acquisitions (both Gambling and Financial) ▶ Likelihood: Low Impact: Medium	Playtech has made a number of acquisitions in the past. Such acquisitions may not deliver the expected synergies and/or benefits and may diminish shareholder value if not integrated effectively or the opportunity executed successfully.	The Company has made a number of very successful, value creating acquisitions and has an established process in place and experienced staff to conduct thorough due diligence before completing any transaction. There is an integration team in place that works to integrate each acquisition as smoothly as possible.
Key Employees (both Gambling and Financial) ▶ Likelihood: Medium Impact: Medium	The Group's future success depends in large part on the continued service of a broad leadership team including Executive Directors, senior managers and key personnel. The development and retention of these employees, along with the attraction and integration of new talent, cannot be guaranteed.	The Group provides a stimulating professional environment and has a comprehensive performance evaluation system to identify key talent and to ensure that key personnel are appropriately rewarded and incentivised through a mixture of salary, annual bonuses and long-term incentives linked to the attainment of business objectives and revenue growth.
Cyber Crime and IT Security (both Gambling and Financial) ▶ Likelihood: Medium Impact: High	System downtime or a security breach, whether through cyber and distributed denial of service (DDoS) attacks or technology failure, could significantly affect the services offered to our licensees.	The Group adopts industry standard protections to detect any intrusion or other security breaches, together with preventative measures safeguarding against sabotage, hacking, viruses and cybercrime. The Group works continuously to improve the robustness and security of the Group's information technology systems. As well as working with a range of specialist cyber security companies to enhance, review and test our defences against these threats, we have also continued to invest in our in-house capabilities.
Business Continuity Planning (both Gambling and Financial) ▼ Likelihood: Low Impact: Medium	Loss of revenue, reputational damage or breach of regulatory requirements may occur as a result of a business or location disruptive event.	Business continuity plans are now in place for all key Playtech sites, covering the significant majority of the Group. The remaining sites will be provided with a fully functioning business continuity plan in line with the project roadmap on a risk-based approach. Completed plans will be tested to ensure effectiveness and training will be provided to key staff members as part of the business continuity programme.

Risk	Description	Mitigation
Market Exposure (Financial only) **NEW RISK** Likelihood: Medium Impact: Medium	The fair value of financial assets and financial liabilities could adversely fluctuate due to movements in market prices of foreign exchange rates, commodity prices, equity and index prices.	Market exposure is monitored 24 hours a day on a real-time basis, using our proprietary automated reporting systems to measure client exposure on all open positions. Where exposure levels and client behaviour, whether in total or on specific instruments, reaches certain levels, our risk management policy requires that mitigating actions, such as reducing exposure through hedging or liquidity arrangements, are considered.
Global Diversification (both Gambling and Financial) **NEW RISK** Likelihood: High Impact: High	As Playtech plc continues to operate across multiple locations, servicing our clients in many markets across the globe, these operations bring with them significant opportunities for growth; however, as is well understood, globally diverse operations carry risk particularly as markets change.	Playtech utilises many of its existing operational functions and external advisers to ensure that its Board and executive management fully understand the changing global market. Global diversification also presents significant opportunities to the Group, particularly the potential in the USA.

REGULATION & RESPONSIBILITY

PROMOTING REGULATED MARKETS & SUSTAINABLE BUSINESS PRACTICES

Introduction

In 2018, the regulatory and external environment for gambling, technology and financial services industries continued to evolve, creating both challenges and opportunities. Crucial developments happened on a range of topics, including data protection and privacy, the societal impacts of technology, financial crime, consumer protection, responsible business and safer gambling issues as well as the public perception of gambling.

Throughout the year, Playtech engaged constructively with its stakeholders on these evolving topics, understanding and addressing them as part of its broader business, responsibility, regulatory and innovation strategy. Playtech welcomes policy developments designed to support the long-term success of the sectors in which it operates by creating a safer, fairer and more responsible industry.

In the gambling arena, the Company continued to promote high standards in regulated markets while actively advocating for sensible regulation in future and emerging markets. Playtech believes that properly regulated markets are key to raising industry standards and enabling a sustainable and reputable sector for the long term.

Regulated markets in Europe still represent significant growth opportunities. For instance, Playtech prepared to be one of the first technology companies to launch in Sweden when the market regulates in 2019. In some European countries, such as Italy, player protection, tax and advertising restrictions were prominent. Yet Playtech remains confident about the growth opportunities in Italy, with Snaitech focusing on improving and expanding its digital presence in a fragmented and underdeveloped online market.

In Latin America, where Playtech actively engaged with local policymakers about the benefits of sensible and effective regulations, there was positive momentum and opportunities arising in Brazil, Argentina and Peru. In 2018, Brazil took an important step towards the regulation of online and retail sports betting. In Argentina, both the province and the autonomous city of Buenos Aires passed new laws to legalise online gambling. Peru also discussed proposals to regulate online sports betting and casino games. This will complement Playtech's successful business in Mexico and Colombia.

In the US, Playtech initiated the process of applying for a licence in the State of New Jersey, actively pursuing opportunities across the country and forming strategic alliances. The Company has developed partnerships and struck deals with land-based casino groups, media groups and existing international clients.

As a partner of many of the world's major gambling and betting companies, Playtech is in a unique position to help licensees navigate the continually evolving regulatory environment, particularly around responsible gambling in online and retail markets. To achieve this, Playtech has been investing in systems, tools and expertise to deliver better and safer services and products.

During the year, the Company also collaborated with licensees, academics, charities and industry bodies to help raise and shape industry standards. Furthermore, through a series of roundtable sessions and participation in external events, Playtech shared best practice and explored how technology can help address some of the most pressing challenges affecting the industry's reputation and long-term sustainability.

Material issues

Playtech conducts materiality assessments to identify and prioritise short and long-term regulatory, compliance, social and environmental issues affecting the business, industry and society. The latest review was informed by regular monitoring of regulatory requirements, compliance, ethics and responsible business issues, and formal and informal stakeholder dialogue.

At the Playtech Group level, the most material issues of focus include:

- Player protection and safer gambling
- Data protection and cybersecurity
- Financial Crime and Anti-money laundering (AML)
- Anti-bribery and corruption (ABC)

For TradeTech, Playtech's financial division, the list of material issues is different and includes:

- The evolving regulatory landscape associated with Contracts for Difference (CFDs) and investment services
- Client protection
- Transaction reporting obligations
- Market abuse and AML

The following sections summarise the Company's strategy and actions to address these material topics, all of which are subject to regular reviews and discussion within the Risk Committee of the Board.

Governance

The Board of Directors reviews social responsibility, compliance and regulatory affairs risks and issues on a monthly basis. The Risk and Compliance Committee continues to oversee and monitor the implementation of strategy and progress related to regulatory affairs, compliance, AML, safer gambling, and responsible business practices. In 2018, Claire Milne became the Chair of the Risk and Compliance Committee, serving also as the Board champion on regulatory, compliance and responsible business issues.

The Regulatory Affairs and Compliance function oversees regulatory, compliance and responsible business practices as well as related risks and opportunities. In 2018, the function strengthened its team to support delivery of Playtech's regulatory affairs, compliance and safer gambling agenda.

The Regulatory Affairs and Compliance function, Risk Management process feeds into the current Group Risk Management Process. As part of the risk process, the Regulatory Affairs and Compliance function identifies and assess regulatory, compliance and responsible business risks contained in the Group risk register. The Head of Regulatory Affairs and Compliance sits on the Executive Committee and provides quarterly updates to the Group Risk Management Committee. The Regulatory Affairs and Compliance function also provides the advice, tools and support to the operational, divisional and functional line management. The Internal Audit function provides assurance to the Board and Executive Management Team that effective systems and controls are in place to manage all significant risks within the business. Compliance is subject to recurring annual reviews, the scope of which varies from year to year. Internal Audit also ensures that compliance related questions and testing are integrated into other operational audits as and when applicable.

Within the TradeTech division, there is a dedicated compliance team with specialist experience in financial services. This team monitors the Group's ongoing practices, ensuring compliance with the evolving regulatory landscape across the globe. The compliance team is comprised of several units in the different regulated entities offering ongoing guidance to ensure regulatory developments are monitored and obligations are adhered to.

Stakeholder engagement and collaboration

As a technology leader in the gambling and financial trading industries, Playtech's success is built upon maintaining strong partnerships with its stakeholders. The value of partnerships is also fundamental to how the Company thinks about and delivers against its social responsibilities. Playtech is committed to contributing meaningfully to sector dialogue, sharing learning and support research and initiatives designed to raise standards more broadly.

During 2018, Playtech convened several initiatives to foster collaboration and best practice-sharing in the industry. Some of these initiatives are described in case studies throughout this chapter.

Starting in 2017 and continuing throughout 2018, Playtech organised regular roundtable events to gauge and develop responses to new and emerging challenges facing the sector and society. Attendees at these events comprised a range of senior communications, compliance, and regulatory affairs executives from the gambling sector and experts from other organisations such as regulators and charities. Topics covered include:

- Protecting and empowering consumers in a digital world
- Building trust in a data-driven world
- Bridging the diversity gap in gambling
- Using data for social good

Alongside the roundtable events, Playtech actively participated in events and working groups dedicated to improving social responsibility standards and practices, alongside industry peers, opinion formers, charities, academics, industry associations and multi-stakeholder initiatives.

Playtech supported and engaged with the Remote Gambling Association (RGA), Senet Group, Gambling Anti-Money Laundering Group (GAMLG), Institute for Business Ethics, Young Gamblers Education Trust (YGAM), GamCare, Gordon Moody Association and many others during 2018.

Playtech contributed research covering the areas of data analytics, AML and sustainable game design at the European Association for the Study of Gambling (EASG) conference, a conference that gathers the leading academic and industry thinkers and practitioners in responsible gambling. Playtech also shared research findings at the Joint Multi-Conference on Human Level Artificial Intelligence.

Finally, Playtech continued its constructive engagement with policymakers to encourage and improve the regulation of online gambling across all jurisdictions, outlining the options and approaches taken in other regulated markets. As part of

SPOTLIGHT: ENABLING CROSS-SECTOR LEADERSHIP & COLLABORATION

In 2018, Playtech initiated and sponsored a new experiential leadership development programme bringing together leaders from charities and companies alongside people who have experienced gambling-related harm. The programme was led by John Peck and Tiger Teams, who specialise in running experiential residential programmes with organisational leaders. The objective of this programme was to help participants further develop their confidence and self-belief in a way that will make them even more effective in all fields of their life. Crucially, the programme was designed to encourage and foster cross-sector understanding, collaboration and ideas to enable a safer gambling environment. Two cohorts took part in 2018, and the programme will continue in 2019.

"It's not an exaggeration to say that the experience set me on a longer-term journey that I have found to be incredibly helpful. I made friendships as well as valuable contacts, aiding my charity's work and one of the service users is also now volunteering for us. I have also been able to facilitate connections between the people that I met in Cumbria with others working on responsible gambling, so the ripple effect continues."

- Jenny Brace, GamCare

"For me the real positive was that it brought different operators and former gamblers together to share ideas and experiences. Regardless of how versed you are in leadership principles and experienced you may be; there is always room to learn more and find out something about you as a person. The event provided the environment to do this."

- Pete Wallis, Sky Betting and Gaming

REGULATION & RESPONSIBILITY cont.

SAFER GAMBLING COLLABORATION: **FINANCIAL WELLBEING**

Playtech partnered with Sky Betting & Gaming and William Hill to sponsor a safer gambling collaboration day, exploring the topic of financial wellbeing and affordability. The event brought together industry, charities, regulators and experts from the financial services sector. Over 90 participants shared insights and innovations that could help further the financial wellbeing of consumers.

these engagements, Playtech encourages regulators to develop regulatory frameworks that promote a sustainable industry whilst enabling safer experiences for consumers and higher standards of businesses.

Integrity risk

Playtech is committed to upholding and adhering to high ethical standards and takes a zero-tolerance approach to violations of those standards, including attempts of bribery, money laundering or corruption.

Anti-money laundering(AML), Anti-bribery & corruption (ABC)

Playtech's Ethics Policy sets out the overarching standards around business conduct, corporate governance, commitments to employees and corporate citizenship. In 2018, this policy was updated along with ABC and AML policies to include changes in legislation, regulations and industry good practice. In addition, the Company approved a new Anti-Facilitation of Tax Evasion policy.

The new and updated policies were communicated to employees and contractors through a wide range of channels including new employee induction, newsletters, direct employee communications as well as face-to-face and online training. In 2018, Playtech strengthened its compliance training programme, making the content more interactive and delivering it through a new e-learning platform. Face-to-face compliance training for middle and senior managers increased, with 581 senior managers receiving training in 2018, an annual increase of 134. The three-hour face-to-face sessions were supplemented with e-learning training for all employees. In addition, members of the Board of Directors received face-to-face training covering governance, AML, ABC, RG, tax and ethics issues. In 2018, Playtech also provided bespoke training to relevant functional and divisional managers on topics including human rights, responsible gambling, tax and crisis management.

Other milestones and developments relating to Playtech's compliance programme in 2018 include:

- Updating and incorporating ABC and AML language into new and refreshed contracts with external contractors
- Updating due diligence forms to include anti-facilitation of tax evasion considerations
- Implementing AML compliance risk assessments to identify risks relating to money laundering and terrorist financing

2019 will see Playtech continuing to align existing policies and processes with those of its newly acquired companies.

In 2018, the Company also published the first phase of research on the role of artificial intelligence (AI) in tackling money laundering. This was the first phase of a three-year partnership between City, University of London's Research Centre for Machine Learning, Kindred and BetBuddy. The project explores the use of deep learning and AI techniques to strengthen AML processes across the online gambling industry. Phase 1 focused on analysing areas requiring improvement for AI to be successfully deployed, whereas phase 2 will use real-world online gambling data to detect signs of money laundering.

Speak Up

In 2017, Playtech established a Speak Up hotline and policy to enable employees to raise concerns about unethical or illegal behaviour, confidentially and anonymously. Since its launch, Speak Up has been promoted through formal communications, posters and within the compliance training programme. This will continue in 2019. Employees can contact the hotline via a website link, email and phone. In 2018, three unique issues were flagged through Speak Up, with additional requests and information provided subsequently. Of the total reports made to Speak Up, 19% came through email, 2% from phone and 79% through the website link.

Safer gambling

Throughout 2018, regulators, industry, charities and the public at large continued to challenge the gaming and betting sector to make gambling and gaming products safer, fairer and crime free. Among the important challenges was the question of how companies can more effectively identify, engage and intervene with those who could be at risk of harm and measure the effectiveness of those interactions.

With its unique reach and data capabilities, Playtech has an important role to play in developing solutions to address safer gambling challenges. Specifically, Playtech has focused on refining and offering tools that can help raise standards in operations and across the industry to:

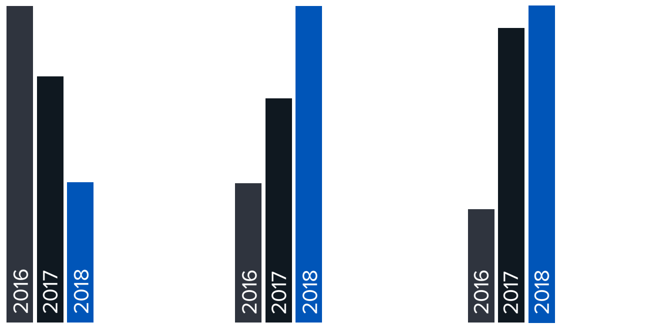
- Promote safer and responsible play
- Empower licensees and players with advanced customer engagement and responsible gambling tools to reduce harm
- Improve the use of data to reduce harm

To further support the above commitments, Playtech reviewed its operational policies and procedures on safer gambling to align with changes to the regulatory landscape, changes in the business model, evolving industry standards and emerging best practice. In 2019, the Company will review its overall safer gambling strategy, in addition to conducting ongoing reviews of operational risks and controls across its B2C and B2B divisions.

B2B

Playtech's acquisition of BetBuddy in 2017 marked an important step forward in meeting the commitments noted above. BetBuddy is a dedicated responsible gambling analytics platform, built around machine learning and predictive analytics. By combining the latest research with the power of machine learning, the Company can deliver an end-to-end solution for identifying and managing at-risk gambling behavioural patterns. Further to this, Playtech invested in a range of safer gambling initiatives that cover data analytics as well as game design, customer interaction and cross-sector collaboration.

A. Escalations to Licensees – B2B

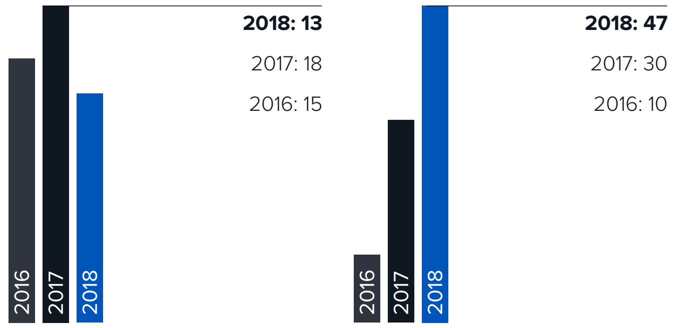


AML (%)
2018: 0.04
2017: 0.07
2016: 0.09

Collusion (%)
2018: 2.13
2017: 1.51
2016: 0.94

Responsible Gambling (%)
2018: 0.14
2017: 0.13
2016: 0.05

B. Responsible Gambling Performance – B2C***



Proportion of customers self-excluding (%)*

Proportion of customers using RG tools (%)**

* Number of self-exclusions as a percentage of total unique customers within Playtech's B2C operations in the UK.

** RG tools comprise reality checks, time-outs and deposit limits.

*** UK B2C operations only

Since the BetBuddy acquisition, Playtech has accelerated its efforts to:

- Integrate BetBuddy capabilities into the core product offering
- Explore and define a framework for responsible game design
- Invest in R&D in AI
- Improve approaches for labelling and measuring harm

These areas of focus are underpinned and supported by ongoing stakeholder engagement and thought leadership on safer gambling analytics and game design.

Following the integration of BetBuddy into the Integrated Management System (IMS) in 2018, the solution is now being deployed to its first licensees. The combination of BetBuddy's applied AI to assess risk, working seamlessly with the Company's real-time player messaging capabilities, will allow operators to implement personalised messaging that empowers consumers to make safe choices. In addition, new Responsible Gambling features in Playtech's platforms, aimed at increasing both licensee and player education and awareness of Playtech's casino content, are planned to be trialled in 2019.

Playtech also invested in the development of a game design framework and took an active role in engaging with the industry, regulators and others to develop guidance on sustainable game design principles. During the year, the BetBuddy team began working with the Playtech content studios to develop, pilot and implement player labels, internal slots classification and a plan to extend slots classification to new games/verticals. Playtech also tested game labelling to assess how best to ensure players and operators can make informed choices and stay in control of the game experience.

iPoker

Within the poker network, iPoker, Playtech employed its analytical skills to proactively identify at-risk behaviour that could indicate potential collusion, responsible gambling and/or money laundering issues. Since 2016, iPoker has informed poker licensees of players whose financial returns fit a pattern of sustained losses and thus could indicate that the player is at-risk. This information, combined with the detailed player information held only by the licensee, enables the licensee to take an informed decision on the most appropriate course of action. In 2018, the iPoker team further developed its process to support licensees by developing a template streamlining the analysis of potential AML concerns.

The table above (Table A) summarises the percentage of unique cases escalated to licensees on AML, collusion and Responsible Gambling over the past three years.

Eurolive

Playtech's Live casino operations continued to support licensees with information about player behaviour that could indicate when players were at risk or displaying harmful behaviour. Live's Customer Support personnel have been trained to identify player behaviour and language that could indicate there is a concern. In addition, the Live team used an AI application, which analyses chat content for words and phrases indicating potential at-risk behaviour. In 2018, 2,958 players were identified as exhibiting at-risk behaviour, with escalation notices going to 36 licensees.

B2C

In 2018, Playtech's B2C operations grew as a result of the acquisitions of Snaitech, one of the leading concessionaries in the Italian gaming market, and Trinitybet, a sports-betting operation in Germany and Austria. These acquisitions involve both online and retail operations. Following the acquisitions, Playtech began to align operational compliance, player protection and AML processes, and this work will continue in 2019.

In the UK, the B2C division continued to review and refresh its operational policies and procedures related to AML and Responsible Gambling. As with previous years, the division completed an AML risk assessment and continued to enhance its processes for identifying and engaging customer interactions on safer gambling tools. In addition, the Company delivered Responsible Gambling training to relevant employees using refreshed content. Playtech also invited GamCare and Gordon Moody to engage with Playtech colleagues in order to raise awareness and understanding about gambling related harm, their organisations, effective referral processes and the role of the industry in identifying and engaging at-risk populations. Lastly, during 2018 Playtech actively supported and promoted GamStop, the new UK online self-exclusion scheme.

In 2018, Playtech also explored emerging technologies to strengthen identification and verification processes as well as the benefits of new initiatives like open banking to assist in affordability checks and AML controls.

REGULATION & RESPONSIBILITY cont.

COMMITTED TO STRENGTHENING & RAISING **RESPONSIBLE GAMBLING STANDARDS**

2019 Safer Gambling Themes:

- Empowering licensees with advanced analytics and customer engagement
- Responsible Product Design
- Cross sector collaboration to strengthen standards

In 2018, Playtech continued to invest in research, education and treatment programmes designed to enable safer gambling, prevent gambling-related harm, and better understand technology and solutions for reducing harm. Playtech focused its investments on initiatives designed to:

- Improve approaches for proactive harm prevention initiatives focused on at-risk and problem gamblers
- Increase access to public and mental health and well-being programmes for at-risk and vulnerable groups
- Increase access to financial wellbeing programmes for at-risk and vulnerable groups
- Strengthen and scale the capacity of frontline staff (e.g. health professionals, educators, youth leaders) who are working with vulnerable populations to deliver effective prevention and resilience programmes

As part of this strategy, Playtech will continue to support and collaborate with organisations, such as YGAM, GamCare, Gordon Moody and others to meet the goals noted above.

In 2019, Playtech will:

- Refresh its safer gambling framework, policy and commitments to align with evolving societal expectations, regulation, licensing requirements as well as the expansion of the B2C business in retail operations
- Develop an internal game risk classification methodology to quantify the RG risks of individual games
- Conduct a feasibility assessment of producing a game risk classification methodology for use by operators
- Provide better and more comprehensive RG information to licensees which they can pass on to players
- Pilot new approaches to in-play messaging around safer gambling and assess the effectiveness of those interactions
- Strengthen safer gambling training and awareness
- Continue to develop safer gambling metrics and KPIs to allow for improved assessment and continuous improvement

GIBRALTAR: GIRLS IN TECH

In 2018, Playtech continued its sponsorship of the Girls in Tech Gibraltar chapter (GIT Gib), and the Chief Technology Officer of Playtech's Games Innovation Labs, Peter Mares, is also the co-Managing Director of GIT Gib. GIT Gib is part of a global network established to inspire, engage and empower women in science, technology, engineering and mathematics (STEM). Playtech actively participated in chapter events including a design thinking workshop and hackathons. November saw GIT Gib's first 'Hacking for Humanity' hackathon, a two-day event where developers, designers and product managers banded together to collaborate on solving technical problems for various Gibraltar-based charities and non-profits.

Diversity and inclusion

With approximately 5,800 employees across 17 countries, Playtech places great emphasis on bringing together different perspectives as a source of innovation, serving the needs and meeting the preferences of customers worldwide. The Company recognises the value and importance of diversity in its long-term success as well as the need to strengthen diversity in the industry, more broadly. Last year, Playtech set out the following objectives:

- Improve the gender balance at Board, executive and senior management levels
- Invest in and retain the next generation of leaders and talent by increasing access to networking, mentoring and training initiatives
- Futureproof workplace policies and training to support the progression of talent
- Expand investment in and support for cross-industry partnerships and initiatives to build a more inclusive sector

As noted in the charts C, the Company made incremental improvements in female representation at the Board and at senior management levels.

In the UK, Playtech's gender pay gap numbers improved slightly, with the median gender pay gap decreasing by 3.1% percentage points. Despite the progress noted in tables D (right), the Company recognises that there is much more to do to recruit and promote a diverse workforce, particularly around gender diversity at senior levels.

A number of Playtech businesses led the way on diversity initiatives, testing ideas and practices that can later be shared across the Group. For example, Quickspin, based in Sweden, developed an ambitious Gender Equality Plan, covering several strands of activity in a holistic manner, including the work environment, parent-friendly workplaces, competence development and an inspiring Women in Gaming event.

In 2019, Playtech will continue to pursue its diversity and inclusion (D&I) objectives and focus on the following actions:

- The development of a consistent Diversity & Inclusion framework to be adopted at country level
- A Group-wide unconscious bias training programme for people leaders and those making hiring and promotion decisions
- The launch of a new Harassment, Bullying and Respect Policy
- Continue participating in industry initiatives, such as the All-In Diversity Initiative, the first diversity benchmarking index for the gambling sector

C. Gender Split

Employees by Gender*:

2018 (M/F)****	57.5%	42.5%
2017 (M/F)	57.5%	42.5%
2016 (M/F)	60.2%	39.8%

Senior Managers by Gender:**

2018 (M/F%)****	89.0%	11.0%
2017 (M/F)	92.0%	8.0%
2016 (M/F)	92.0%	8.0%

Board by Gender*:**

2018 (M/F)****	75.0%	25.0%
2017 (M/F%)	85.7%	14.3%
2016 (M/F)	85.7%	14.3%

* Employees are defined as the total number of employees on the payroll on 31 December.

** Senior Managers are defined as the top 100 highest earning employees at Playtech.

*** Directors are defined as Board Directors on 31 December.

**** 2018 numbers include Snaitech employees.

D. UK Gender Pay Gap*

Median Gender Pay Gap (%):

2018	60.4%
2017	63.4%

Mean Gender Pay Gap (%):

2018	49.4%
2017	53.5%

Median Gender Bonus Gap (%):

2018	16.7%
2017	30.8%

Mean Gender Bonus Gap (%):

2018	67.0%
2017	62.3%

* The UK Gender Pay Gap numbers reflect payroll data for employees employed on the snapshot date. Payroll data includes basic pay, bonus, commissions and share options gains paid as part of payroll for April 2018. The bonus data reflects employees employed on the snapshot date, but received a bonus within the 12-month period to 5th April 2018 (period being from 6th April 2017 to 5th April 2018).

REGULATION & RESPONSIBILITY cont.

Running a responsible business

Safeguarding data

Playtech recognises that safe and secure handling of data and protection of personal data and information are critical to the success of and trust in the business. Safeguarding these assets is the cornerstone of maintaining and protecting trust with Playtech's stakeholders.

2018 saw the deadline for implementing the EU General Data Protection Regulation (GDPR). The Playtech Group Data Protection Office developed and delivered against a detailed roadmap to adhere to GDPR requirements. The overall aim was to implement a robust and consistent approach to data protection compliance across all Playtech companies.

During 2018, Playtech completed a review of its internal training arrangements. The review resulted in a change of training provider and the roll-out of improved computer and test-based data protection training, applicable to new recruits, and annual refresher training for all employees. This was supplemented with the provision of face-to-face training to various departments throughout the year.

In addition, the GDPR Compliance Programme included:

- Updating Playtech's policies, contract templates and agreements with business partners and suppliers
- Requiring all Playtech employees and partners comply with confidentiality requirements and legal and regulatory obligations, with contractual terms governing the use and disclosure of information
- Reviewing IT systems, processes and policies with the aim of implementing better personal data protection measures
- Reviewing third party contracts to ensure compliance and creating clearer lines of ownership and responsibilities
- Mapping and reviewing all known processing activities regarding personal data
- Updating Playtech's crisis management and incident response plans and data subject rights processes

The GDPR Compliance Programme was subject to a comprehensive readiness assessment by an external partner, and findings were reviewed by the Board. Playtech's GDPR efforts have now transitioned into phase II where the focus is on enhancement and continued compliance.

Information security:
In addition to the GDPR Programme, Playtech's information security team oversees the business requirements for information protection. The team strives to deliver best-in-class cyber security solutions orchestrated by the Global Cyber Security Office and working closely with the GDPR team.

The Playtech Global Cyber Security function leads and oversees information security for the Company, with a remit covering physical and software security. The Company's IT systems are constantly monitored and updated, and the team continually assesses new solutions that can help identify, assess and manage cybersecurity threats and risks in the gaming ecosystem.

Playtech offices are certified against security industry standards, such as ISO 27001. Playtech's production environments are also certified to comply with gaming and cyber security industry standards, as set out by regulators. In 2018, the team focused on automating incident response procedures and certification of sites against security standards and gaming security regulation requirements. In 2019, the team will continue the assurance, certification and recertification for sites and services as well as take additional measures to strengthen IT security controls.

Human rights

Playtech subscribes to the principles outlined in the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights. Playtech's most salient human and labour rights issues relate to employment, data protection, procurement of goods and services, and AML, specifically ensuring that individuals involved in human trafficking and slavery are not laundering their money through Playtech's operations.

During 2018, Playtech published its second Modern Slavery Act statement, outlining the initiatives to understand and assess potential risks of modern slavery and human trafficking. During the year, Playtech identified specific topics and operations to focus on human rights and modern slavery risks. The Company also reviewed the human rights and modern slavery information provided by licensees and suppliers as part of its third-party due diligence, which has enabled a more detailed review of risk within Playtech's supply chain.

The activities above were underpinned by training and awareness-raising sessions to reach a broader range of relevant employees in the technology, procurement, legal and HR functions. 60 managers in the human resources, procurement, legal and technology functions received bespoke training on human rights during the year, provided by a third-party adviser.

Playtech engages with its workforce, including unions, in a respectful and constructive manner. In 2018, Snaitech embarked on a rationalisation and simplification process for employment contracts. The objective of this process is to guarantee a uniform treatment for all employees under the National Labour Contract and to identify the most suitable methods to safeguard the workforce. The Company is currently engaging with employees affected by the change in national collective bargaining agreements.

The acquisition of Snaitech also introduced new types of operations to the Group, including race tracks and physical shops, with different risk profiles than office-based jobs. In recognition of this, occupational health and safety performance data covering those operations has been included below.

Occupational Health & Safety Data*

	2018	2017
Total number of accidents	13	18
Injury rate**	2.1	2.4
Number of days lost to accidents	248	523
Lost day rate***	39.2	70.9
Number of days of absence	7,144	9,381

* Snaitech operations only.
** Number of accidents per 100 Full Time Equivalents (FTE).
*** Average number of days lost per 100 FTEs due to accidents.

Environment

In 2018, Playtech's most material environmental impact continued to be the GHG emissions stemming from the energy used in its data centres, offices and shops. Playtech reviewed and mapped the GHG footprint of the business during the year, identifying energy hotspots and opportunities to reduce energy use for those hotspots where the Company exercises operational control.

Playtech's GHG emissions, on a per capita-basis, increased from 1.4t to 1.9t, while absolute emissions increased by 52%. Both of these two increases resulted from the acquisition of snaitech, which not only offers digital services but also operates points of sale, slot machines and terminals, and three race tracks in Italy. Without the acquisition of Snaitech, total GHG emissions would have decreased by 3% and per capita emissions by 36%.

With the Snaitech acquisition and its physical estate, the materiality of waste and water became more prominent. Again, this is due to Snaitech's physical estate which includes horse racing infrastructure and points of sale. To that end, this report features additional environmental KPIs that are relevant given the environmental impact associated with those physical assets. In the future, Playtech will look to broaden the reporting on waste and water to include not just Snaitech but the entire Group.

The increase in hazardous waste produced in 2018 is primarily due to Snaitech's replacement of obsolete electronic devices, as part of its investment project aimed at adopting innovative technological solutions. With the goal of furthering the positive environmental impacts generated by the activities of its horse racing tracks, the Group also renewed its commitment toward the structural redevelopment and soil reclamation of Milan's horse racing track.

Approach to tax

The Playtech Group is committed to complying with all relevant tax laws in jurisdictions in which it operates. The Group's tax affairs are managed in line with its governance framework and tax strategy. The Group acts responsibly with respect to its tax obligations.

The Group is headquartered in the Isle of Man, where the parent company is tax resident. Playtech has offices in 17 countries, with the majority of its development and technical operations in Ukraine, Estonia, Latvia, Bulgaria and Gibraltar. These locations are well known as technology hubs with a large population of highly skilled experts. The Group's presence in some markets, such as Austria, Australia, Denmark and Italy, is a result of acquisitions.

The Group's business activities in its various territories results in payments to relevant governments, including corporate income taxes, royalty, employment, property taxes, duties and other taxes. In addition, the Group collects and pays employee taxes, as well as indirect taxes such as VAT and sales tax. These taxes form a significant part of the Group's economic contribution to the countries in which it operates.

The net income tax charge for the period is €53,640k (2017: €17,505k). The Group's effective tax rate has increased from 6.57% to 13.78%. For more information, please refer to Note 9.

Tax planning

Playtech engages in tax planning that supports its business and reflects commercial and economic activity. Playtech selects the location of its operations based on commercial and operational factors that extend well beyond tax, including: the prevailing regulatory environment available, a widely available pool of technical talent, the linguistic capabilities in these jurisdictions, the location of the Group's licensees, labour and operational cost factors.

The Group adheres to relevant tax law and seeks to minimise the risk of uncertainty and disputes.

The structure of the Group's tax affairs is based on sound commercial principles and in accordance with the relevant tax legislation. The Group engages constructively with local tax authorities, either directly or through trade associations and other similar bodies, as appropriate.

E: Greenhouse Gas Emissions

Total energy consumption (kWh)**

2018*	29,231,512
2017	14,757,420
2016	13,488,181

Scope 1 energy emissions – gas, fuel oil and diesel (Tonnes CO_2e)***

2018*	1,511
2017	300
2016	242

Scope 2 emissions – electricity** and district heating*** (Tonnes CO_2e)**

2018*	9,041
2017	6,646
2016	7,176

Total GHG emissions (Tonnes CO_2e)

2018*	10,551
2017*****	6,947
2016*****	7,418

GHG intensity (Tonnes CO_2e/employee)

2018*	1.9
2017*****	1.4
2016*****	1.5

* 2018 includes Snaitech data.
** 2018 absolute data is an estimate based on 97% actual data coverage by headcount.
*** Using the latest Department for Environment, Food & Rural Affairs (DEFRA) gas and district heating conversion factors (CO_2e).
**** Using the latest DEFRA electricity conversion factor (CO_2e) for all UK locations and the latest International Energy Agency (IEA) conversion factors for all non-UK sites (CO_2).
***** The 2016 and 2017 GHG data has been restated following further reconciliation.

F: Water Consumption*

	2018	2017
Total water consumption (m^3)	502,511	504,437
Water consumption for watering race tracks (m^3)	232,615	232,087
Water withdrawal by source (m^3)		
Municipal aqueduct	42,681	40,263
Well extraction	454,430	464,174
Others	5,400	0

* Data covering Snaitech operations only.

G: Waste & Effluent*

	2018	2017
Total waste production (Tonnes)	7,829	8,265
Of which:		
Sent to landfill (Tonnes)	180	63
Reused or recycled (Tonnes)	7,649	8,202
Hazardous waste (Tonnes)	127	1.7

* Data covering Snaitech operations only.

REGULATION & RESPONSIBILITY cont.

ENGAGING & SUPPORTING LOCAL COMMUNITIES

Playtech employees are passionate about bringing their time, skills and dedication to the communities where they live and work. In 2018, the Company launched a formal programme to enable employees to support their local communities in meaningful ways.

Our Plan For Increased Engagement

2019 will see the first full year of Playtech's formalised community programme, with a dual objective of engaging 15% of employees in key markets and increasing the contribution of technological skills and expertise to projects to enhance digital inclusion and 'technology for good' initiatives.

ENCOURAGE

Employees are encouraged to use their professional skills to create value for local charitable organisations and causes.

DONATE

Every Playtech employee is now entitled to one day of paid volunteering and a donation of €200 per year.

CONNECT

In addition, the Company launched an online platform to connect employees with good causes and volunteering opportunities, the rollout of which will continue in 2019.

The Strategic Report on pages 02 to 81 is approved by the board of Directors and signed on their behalf:

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

20 February 2019

IPSWICH: BEACH CLEAN

ITALY: A SPECIAL PARTNERSHIP WITH **SPECIAL OLYMPICS**

For the second year running, Snaitech's charitable foundation, iZilove Foundation, was a supporter of Special Olympics Italia, the sports programme dedicated to people with intellectual disabilities. In 2018, the partnership went far beyond economic support, with 130 colleagues volunteering during the XXXIV Summer National Games, managing logistics and hosting the opening ceremony at the Snai Sesana Racetrack in Tuscany. The event brought together over 3,000 athletes from across Italy participating in 18 sporting disciplines.

ESTONIA: USING TECHNOLOGY SKILLS AND DONATIONS **TO SUPPORT A MORE INCLUSIVE IT SECTOR**

Playtech Estonia is dedicated to bringing more diversity into the IT sector. Only a quarter of people employed in Estonia's IT industry are women, and the country is facing a shortage of technology professionals. Playtech Estonia has set a goal to help encourage the rise of new female talent as well as fostering talent amongst people with physical disabilities. For the past three years, the Company has participated in an IT skills development programme for adults and has welcomed trainees with no previous IT degree or work experience. In addition, the Company is developing a long-term partnership with TechSisters to balance the gap between men and women in IT.

GIBRALTAR: USING SKILLS TO ENHANCE AWARENESS ABOUT THE **ENDANGERED BARBARY MACAQUE**

Colleagues in Playtech's Gibraltar office donated their time and skills to help the Barbary Macaque charity develop a free app and audio guide to educate tourists about the Barbary Macaque, a type of monkey that is on the endangered species Red List. Gibraltar is host to around 200 free ranging Barbary Macaques. The app helps tourists find the best locations to spot the monkeys in the Upper Rock Nature Reserve and provides information about current conservation and protection efforts. Playtech colleagues used their skills to deliver the app development, project management, robotic voices and translation services as well as content production.

GOVERNANCE

BUILDING ON OUR TRACK RECORD OF SHAREHOLDER ENGAGEMENT

Playtech believes that open and constructive dialogue has been central to Playtech's growth over the years and our aim is to continue progress on corporate governance to support our operational goals and deliver long term shareholder value.

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

PROGRESS DRIVEN BY CONSTRUCTIVE & CONTINUED DIALOGUE

Alan Jackson
Chairman

The Board believes open and constructive dialogue with its shareholders has been central to Playtech's progress and growth, and in 2018 the Board has continued its track record of engagement.

Dear Shareholder

I am pleased to present Playtech's Governance Report to shareholders.

This has been an extremely important year in the growth and development of Playtech. The year has produced many challenges for Playtech and our industries, and the Board continues to evolve to ensure that we have the necessary skills and strategic leadership in order to continue to successfully shepherd the Company. I would like to pass on my gratitude for the enthusiasm and dedication which the Directors and senior management have demonstrated throughout 2018.

Central to Playtech's progress and growth has been a track record of open and constructive dialogue with its shareholders and 2018 has seen the Board continue high levels of engagement to continue important progress on Corporate Governance. Since the voting results on our Remuneration Report at the Annual General Meeting in May 2018 we have led focused engagement with our top institutional shareholders to fully absorb the reasons for the vote and have taken the feedback into account in the implementation of our remuneration policy for 2018 and beyond.

The Board is cognisant of the need to strike a careful balance to ensure that shareholders and other stakeholders are appropriately protected by robust processes and procedures while providing an environment that fosters an entrepreneurial spirit that allows our senior management team and employees to continue to deliver the year-on-year growth that we have achieved in recent years. This balance enables us to clearly focus on the key risks facing the Group but to be flexible enough in our approach to accommodate changes resulting from developments in our strategy or changes in the regulatory environment.

Playtech has grown rapidly since its inception and is now a company with more than 5,800 employees in 17 countries. To meet the changing demands of the Company, the Board has also evolved significantly in that time and has played an important role in shepherding the Company through its rapid change. As part of this ongoing progress it was announced, in July, that Susan Ball would join the Board and Chair the Audit Committee. Susan brings experience of the European online gambling space, having previously been on the board of Kambi Group plc and before that having served as CFO of Unibet Group plc. Further to the appointment of Susan, in August former Sportech PLC CEO Ian Penrose joined the Board and has taken over as Chair of the Remuneration Committee, leading high levels of shareholder engagement. Ian brings deep sector experience having led a strategic repositioning and business turnaround at Sportech PLC. Susan and Ian represent two important steps forward for the Board in 2018 and the Board continues to look to add high-quality non-executives in 2019 to match the Company's needs.

The Board has confidence in the future of the Group and sees significant growth opportunities ahead. The operational progress reported in 2018 in new and existing regulated markets is a testament to Playtech's leadership in regulation and compliance in the gambling industry, as well as our commercial capabilities. The Board plays an essential role in upholding the highest levels of regulations, compliance and responsibility and we continue to work closely with regulators in various markets to ensure our compliance with local laws and regulations. The Board continues to strive to ensure that the Group's governance structure protects the sustainability of its businesses and the communities in which it operates, while maximising shareholder value and treating all shareholders fairly. The Board also sets the tone for the Company. The way in which it conducts itself, its attitude to ethical matters, its definitions of success and the assessment of appropriate risk, all define the atmosphere within which the executive team works.

In keeping with our commitment to have a dedicated in-house function, we continued to strengthen our Internal Audit Team in 2018, and this underlines our focus on the increasing levels of complexity in relation to internal controls and processes. The historical Internal Audit Relationship with PricewaterhouseCoopers LLP (PwC) remains in place and Playtech is therefore a co-sourced arrangement, with PwC continuing to provide support to the Internal Audit Team given their experience of the Group and the specialist services they offer.

We have set out in the following sections how we seek to manage the principal risks and uncertainties facing the business with further details on our governance framework, to explain how our corporate governance practices support our strategy.

The Annual General Meeting (AGM) is an important opportunity for the Board to meet with shareholders, particularly those who may not otherwise have the chance to engage with the Board and senior management. Our 2019 AGM is scheduled for 10.00 am on 15 May 2019 at The Sefton Hotel, Douglas, Isle of Man and we look forward to seeing you there.

Alan Jackson
Chairman

20 February 2019

BOARD OF DIRECTORS

ENGAGEMENT & OVERSIGHT

Alan Jackson

Non-executive Chairman

Appointment to the Board:
Alan was appointed to the Board in 2006 on the Company's flotation on the Alternative Investment Market and became Chairman in October 2013.

Career:
Alan has over 40 years' experience in the leisure industry. From 1973 to 1991, he occupied a number of positions at Whitbread, both in the UK and internationally, principally as Managing Director of Beefeater Steak Houses and also the Whitbread restaurant division where he was responsible for the creation and development of the Beefeater, Travel Inn and TGI Friday brands and was responsible for Whitbread's international restaurant development. In 1991, he founded Inn Business Group plc, which was acquired by Punch Taverns plc in 1999. He was Chairman of The Restaurant Group plc from 2001 until he retired from this position in 2016. He stepped down from his role as Deputy Chairman and Senior Non-executive Director at Redrow plc in September 2014. He is currently non-executive Chairman of Bannatyne Group plc.

Skills, competences and experience:
Having held several Board positions in both an executive and non-executive capacity in a variety of listed companies in the UK, he brings substantial experience of working in public and private companies, along with strategic and leadership experience.

Board Committees:
He is Chairman of the Nominations Committee and a member of the Remuneration and Risk & Compliance Committees.

Mor Weizer

Chief Executive Officer

Appointment to the Board:
Mor was appointed as Playtech's Chief Executive Officer in May 2007.

Career:
Prior to being appointed CEO, Mor was the Chief Executive Officer of one of the Group's subsidiaries, Techplay Marketing Ltd., which required him to oversee the Group's licensee relationship management, product management for new licensees and the Group's marketing activities. Before joining Playtech, Mor worked for Oracle for over four years, initially as a development consultant and then as a product manager, which involved creating sales and consulting channels on behalf of Oracle Israel and Oracle Europe, the Middle East and Africa. Earlier in his career, he worked in a variety of roles, including as an auditor and financial consultant for PricewaterhouseCoopers and a system analyst for Tadiran Electronic Systems Limited, an Israeli company that designs electronic warfare systems.

Skills, competences and experience:
Mor is a qualified accountant and brings considerable international sales and management experience in a hi-tech environment and extensive knowledge of the online gambling industry.

Board Committees:
He chairs the Management Committee and attends the Remuneration, Risk & Compliance and Nominations Committees at the invitation of the Chairs of those Committees.

Andrew Smith

Chief Financial Officer

Appointment to the Board:
Andrew was appointed as Playtech's Chief Financial Officer on 10 January 2017, having joined the Group in 2015.

Career:
Having qualified as a solicitor with Ashurst in 2001, Andrew moved into investment banking, first with ABN AMRO and then with Deutsche Bank, specialising in both the Technology and Leisure sectors. Andrew joined Playtech in 2015 as Head of Investor Relations.

Skills, competences and experience:
Andrew brings a wealth of financial, capital markets and M&A experience to the Board and has been integral to Playtech's operational and strategic progress since joining the business. Andrew was key to the acquisition of Snaitech in 2018, including the financing and refinancing of the acquisition.

Board Committees:
Andrew sits on the Management Committee and attends meetings of the Audit Committee and the Risk & Compliance Committee at the invitation of the Chairs of those Committees.

Andrew Thomas

Senior Non-executive Director

Appointment to the Board:
Andrew was appointed to the Board in June 2012, shortly before the Company's admission to the Main Market.

Career:
Andrew has enjoyed a career as an accountant and businessman, much of which has been within the leisure industry. Andrew is currently Chairman of Randalls Limited, a family-owned pub company in Jersey, where he lives. Andrew previously served as Chairman of The Greenalls Group plc and as a Non-executive Director of a number of private and public companies. He is the founding partner of the Cheshire-based accounting firm, Moors Andrew Thomas & Co. LLP. Andrew is a member of the Institute of Chartered Accountants in England & Wales and a member of the Institute of Taxation.

Skills, competences and experience:
Andrew combines many years' detailed experience of advising on taxation matters, with financial expertise both as a Chartered Accountant and sitting as a Non-executive Director of a number of publicly listed companies.

Board Committees:
Andrew stepped down as Chair of the Audit Committee in November 2018. He remains a member of the Audit Committee and sits on the Remuneration Committee, Nominations Committee and Risk & Compliance Committee. He is also the Senior Independent Non-executive Director.

John Jackson

Non-executive Director

Appointment to the Board:
John was appointed to the Board in January 2016.

Career:
John is a qualified accountant and his previous roles include Group Chief Executive of Jamie Oliver Holdings Limited from 2007 to 2015, Group Retail and Leisure Director of Virgin Group Limited from 1998 to 2007, and Managing Director of Body Shop International from 1988 to 1994. He is currently Non-executive Chairman of Wilko Holdings Limited, Non-executive Chairman of Game Digital Limited and Non-executive Chairman of Rick Stein Group.

Skills, competences and experience:
John brings a wealth of consumer industry experience combined with a strong accountancy and financial background.

Board Committees:
John stepped down as a member of the Remuneration Committee in November 2018. He continues to sit on the Audit Committee, Risk & Compliance Committee and Nominations Committee.

Claire Milne

Non-executive Director

Appointment to the Board:
Claire was appointed to the Board in July 2016.

Career:
Claire has a master's degree from The Johns Hopkins University, Baltimore, is a member of The Law Society of Scotland, a Manx Advocate and a Writer to Her Majesty's Signet. She is a member of the Institute of Directors, the Licensing Executive Society and the Society for Computers and the Law, a General Member of the International Masters of Gaming Law and was Chair of the Isle of Man Gambling Supervision Commission from 2007-2012. She is currently a Partner and Team Leader within the Intellectual Property and Science & Technology teams for Appleby in the Isle of Man.

Skills, competences and experience:
Claire is a recognised industry expert in eGaming and technology law and regulation, with over 20 years' experience advising gaming and financial services clients as an in-house and private practice lawyer.

Board Committees:
Claire is Chair of the Risk & Compliance Committee and sits on the Remuneration Committee, Audit Committee and Nominations Committee.

Susan Ball

Non-executive Director

Appointment to the Board:
Susan was appointed to the Board in August 2018.

Career:
Susan is a Chartered Accountant and her previous roles include being a Non-executive Director at Kambi Group plc from 2014 until June 2018 and CFO for Unibet Group plc from 2002 to 2007. She is currently a Non-executive Director at Gambling.com Group plc. Outside the gambling sector, Susan is a Non-executive Director of Bannatyne Group plc. She is a fellow of the ICAEW.

Skills, competences and experience:
With over 35 years of senior finance and board-level experience in listed and private companies across several geographies and sectors, Susan brings a wealth of knowledge of the global gambling market with a focus on digital growth strategies and expanding businesses.

Board Committees:
Susan is Chair of the Audit Committee and sits on the Remuneration Committee, Risk & Compliance Committee and Nominations Committee.

Ian Penrose

Non-executive Director

Appointment to the Board:
Ian was appointed to the Board in September 2018.

Career:
Prior to his appointment, Ian was CEO of Sportech plc from 2005 to 2017 and served as CEO of Arena Leisure plc from 2001 to 2005. Ian is currently Non-executive Chairman of the National Football Museum and a strategic adviser to Alizeti Capital and Weatherbys Limited.

Skills, competences and experience:
Ian brings over 20 years of leadership experience in the global gaming, technology and leisure sectors. In particular, he has significant knowledge of the US gambling market, having led strategic initiatives in the region over nearly a decade. Ian has been licensed by regulators in several countries, and is also a Chartered Accountant.

Board Committees:
Ian is Chair of the Remuneration Committee and sits on the Audit Committee, Risk & Compliance Committee and the Nominations Committee.

DIRECTORS' GOVERNANCE REPORT

Introduction

Responsibility for corporate governance lies with the Board, which is committed to maintaining high standards of corporate governance and is ultimately accountable to shareholders. The report which follows explains our most important governance processes and how they support the Group's business. In particular, we have applied the principles of good governance advocated by the UK Corporate Governance Code 2016 (the "Code"). The Code applied to Playtech throughout the financial year ended 31 December 2018. A copy of the Code is available at www.frc.org.uk. The FRC published a revised UK Corporate Governance Code in July 2018, which applies to accounting periods beginning on or after 1 January 2019. It places a greater emphasis on relationships between companies, shareholders and stakeholders. It also promotes the importance of establishing a corporate culture that is aligned with the company purpose, business strategy, promotes integrity and values diversity. We will report on how we applied the principles of good governance advocated by the revised Code in next year's annual report and accounts.

Compliance statement

We continued to make improvements during the year both to our Board structure and our governance procedures and I am delighted to be able to report that it is the view of the Board that the Company has been fully compliant with the principles of the Code during 2018.

Claire Milne was appointed as a Non-executive Director on 8 July 2016. Claire is a recognised expert in eGaming and technology law and regulation, with 20 years' experience advising gaming and financial services clients as an in-house and private practice lawyer and was, at the time of her appointment, and continues to be, a Partner and Team Leader within the Intellectual Property and Science and Technology teams for Appleby (Isle of Man) LLC (the "Firm"). The Firm has provided, and continues to provide, regulatory and legal advice to the Company from time to time; however, given the overall size of the Firm and the relatively small scale of fees received, this relationship was not considered to impact on her independence. In addition, in order to reinforce her independence, it was agreed that following her appointment, Claire would not be involved in the provision of advice by the Firm to the Group, her remuneration from the Firm would not be linked, directly or indirectly, to the receipt of fees from the Group, and that any potential residual conflicts will be managed carefully.

The Company's auditor, BDO LLP, is required to review whether the above statement reflects the Company's compliance with the Code by the Listing Rules of the UK Listing Authority and to report if it does not reflect such compliance. No such negative report has been made.

The Board is accountable to the Company's shareholders for good governance and the statement set out below describes how the Group applies the principles identified in the Code.

See also the period since last external audit tender on page 96.

The Board

Composition

As at 31 December 2018, the Board comprised the Non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer, and five independent Non-executive Directors. The list of Directors holding office during the year to 31 December 2018 and their responsibilities are set out on pages 86 to 87.

Director's name	Title
Alan Jackson	Non-executive Chairman
Mor Weizer	Executive Director, Chief Executive Officer
Andrew Smith	Executive Director, Chief Financial Officer
Andrew Thomas	Non-executive Senior Independent Director
John Jackson	Non-executive Director
Claire Milne	Non-executive Director
Susan Ball	Non-executive Director (from 1 August 2018)
Ian Penrose	Non-executive Director (from 1 September 2018)
Paul Hewitt	Non-executive Director (1 January 2018 – 1 August 2018)

With the exception of Susan Ball who was appointed as a Non-executive Director on 1 August 2018, Ian Penrose who was appointed as a Non-Executive Director on 1 September 2018 and Paul Hewitt who stepped down as a Director on 1 August 2018, the Directors served throughout the financial year.

The Non-executive Directors are all considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement, as explained above.

The Company Secretary acts as secretary to the Board and its Committees and his appointment and removal is a matter for the Board as a whole. The Company Secretary is a member of the Group's management team and all the Directors have access to his advice and services.

Board operation

The roles of the Chairman (Alan Jackson) and the Chief Executive Officer (Mor Weizer) are separated, clearly defined and their respective responsibilities are summarised below.

Chairman

- Overall effectiveness of the running of the Board
- Ensuring the Board as a whole plays a full part in the development and determination of the Group's strategic objectives
- Keeping the other Directors informed of shareholders' attitudes towards the Company
- Safeguarding the good reputation of the Company and representing it both externally and internally
- Acting as the guardian of the Board's decision-making processes
- Promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level

Chief Executive Officer

- Executive leadership of the Company's business on a day-to-day basis
- Developing the overall commercial objectives of the Group and proposing and developing the strategy of the Group in conjunction with the Board as a whole
- Responsibility, together with his senior management team, for the execution of the Group's strategy and implementation of Board decisions
- Recommendations on senior appointments and development of the management team
- Ensuring that the affairs of the Group are conducted with the highest standards of integrity, probity and corporate governance

Matters considered by the Board in 2018

Month	Material matters considered
January	Acquisition of Snaitech Review of Asian Markets Review of Sun Bingo
February	Review of the 2017 financial results and approval of the Annual Report and Accounts for 2017 Consideration of a final dividend Budget FY 2018 Review of Asian Markets
April	Review of Asian Markets Acquisition of Snaitech Review of Sun Bingo
May	Acquisition of Snaitech Class 1 Circular Review of operations Prepare for AGM and GM Review of mergers and acquisitions opportunities
June	Review of banking arrangements Review of Sun Bingo Review of tax planning Review of current trading
July	Trading update
August	Review of interim results Consideration of interim dividend Review of tax planning
September	Review of transaction with Totalizator Sportowy Sp Launch of Senior Secured Notes
October	Investor Day Review of Sun Bingo Review of US Application Review of merger and acquisition opportunities
November	Trading update Full-year forecast 2019 Board evaluation Review of GDPR

DIRECTORS' GOVERNANCE REPORT cont.

How the Board functions

In accordance with the Code, the Board is collectively responsible for the long-term success of the Company. The Board provides entrepreneurial leadership for the Company within a framework of prudent and effective controls that enable risk to be assessed and managed. The Board sets the Company's strategic aims, and ensures that the necessary resources are in place for the Company to meet its objectives and reviews management performance.

The Board meets regularly and frequently, with 12 meetings scheduled and held in 2018. During the year, it was also necessary for the Board to hold three unscheduled Board calls (all in accordance with the articles of association), in connection with the trading update announced in July 2018 and the Israeli tax settlement in December 2018.

During the year, the Chairman met the other Non-executive Directors, in the absence of the Executive Directors, to re-confirm and take account of their views. All Non-executive Directors have sufficient time to fulfil their commitments to the Company.

In addition to receiving reports from the Board's Committees, reviewing the financial and operational performance of the Group and receiving regular reports on M&A, legal, regulatory and investor relations matters at the Board meetings, the other key matters considered by the Board during 2018 are set out in the table on page 89.

Board meetings are generally held at the registered office of the Company on the Isle of Man, although during the year a meeting was held in Milan.

Directors are provided with comprehensive background information for each meeting and all Directors were available to participate fully and on an informed basis in Board decisions. In addition, certain members of the senior management team including the Chief Operating Officer, the General Counsel, the Head of Regulatory and Compliance and the Head of Investor Relations are invited to attend the whole or parts of the meetings to deliver their reports on the business. Any specific actions arising during meetings are agreed by the Board and a comprehensive follow-up procedure ensures their completion.

Details of the attendance of the Directors at meetings of the Board and its Committees are set out in the table below.

Responsibility and delegation

The Chairman is primarily responsible for the efficient functioning of the Board. He ensures that all Directors receive sufficient relevant information on financial, business and corporate issues prior to meetings. The Chief Executive Officer's responsibilities focus on coordinating the Group's business and implementing Group strategy. Regular interaction between the Chairman and Chief Executive Officer between meetings ensures the Board remains fully informed of developments in the business at all times.

There remains in place a formal schedule of matters specifically reserved for Board consideration and approval, which includes the matters set out below:

- Approval of the Group's long-term objectives and commercial strategy
- Approval of the annual operating and capital expenditure budgets and any changes to them
- Major investments or capital projects
- The extension of the Group's activities into any new business or geographic areas, or to cease any material operations
- Changes in the Company's capital structure or management and control structure
- Approval of the Annual Report and Accounts, preliminary and half-yearly financial statements, interim management statements and announcements regarding dividends
- Approval of treasury policies, including foreign currency exposures and use of financial derivatives
- Ensuring the maintenance of a sound system of internal control and risk management
- Entering into agreements that are not in the ordinary course of business or material strategically or by reason of their size
- Changes to the size, composition or structure of the Board and its Committees
- Corporate governance matters

Number of meetings	Board	Audit	Remuneration	Nominations	Risk
Alan Jackson	11 of 12	–	7 of 7	2 of 2	4 of 4
Mor Weizer	11 of 12	–	–	–	–
Andrew Smith	11 of 12	–	–	–	–
Claire Milne	11 of 12	4 of 4	7 of 7	2 of 2	4 of 4
John Jackson	11 of 12	4 of 4	7 of 7	2 of 2	4 of 4
Andrew Thomas	11 of 12	4 of 4	7 of 7	2 of 2	4 of 4
Paul Hewitt	5 of 12	2 of 4	5 of 7	1 of 2	2 of 4
Susan Ball	5 of 12	2 of 4	2 of 7	1 of 2	2 of 4
Ian Penrose	4 of 12	1 of 4	2 of 7	–	2 of 4

Note:
Paul Hewitt ceased to be a Director on 1 August 2018. Susan Ball was appointed as a Director on 1 August 2018.
Ian Penrose was appointed as a Director on 1 September 2018.

In addition, the Board has adopted a formal delegation of authorities memorandum which sets out levels of authority for employees in the business.

The Board has delegated certain of its responsibilities to a number of Committees of the Board to assist in the discharge of its duties. The principal Committees currently are the Audit Committee, the Remuneration Committee, the Risk & Compliance Committee and the Nominations Committee. The minutes of each of these Committees are circulated to and reviewed by their members. The Company Secretary is secretary to each of these Committees. The terms of reference for each of the Committees are available to view on the Company's website www.playtech.com.

Audit Committee

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit function, and the management of the Group's systems of internal control, business risks and related compliance activities.

The Audit Committee's report is set out on pages 94 to 96 and details the Audit Committee's membership, activities during the year, significant issues that it considered in relation to the financial statements and how those issues were addressed. The report also contains an explanation of how the Committee assessed the effectiveness of the external audit process and the approach taken in relation to the appointment or reappointment of the auditors.

The Audit Committee comprises Susan Ball (Chairman), Andrew Thomas, John Jackson, Claire Milne and Ian Penrose.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policy for the Chairman, Executive Directors and senior management.

The Directors' Remuneration Report is set out on pages 97 to 111 and contains details of the Remuneration Committee's membership, activities during the year and the policy on remuneration. The Chairman of the Remuneration Committee attends the Annual General Meeting to respond to any questions that shareholders might raise on the Remuneration Committee's activities.

The Remuneration Committee comprises Ian Penrose (Chairman), Alan Jackson, Andrew Thomas, Claire Milne and Susan Ball.

Risk & Compliance Committee

Under the Code, the Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. Through its role in monitoring the ongoing risks across the business, to include the Group Risk Register, the Committee advises the Board on current and future risk strategies. The Board should maintain a sound system of risk management and internal control systems (Main Principle C.2).

The Risk & Compliance Committee is chaired by Claire Milne. The other members of the Committee are Alan Jackson (Non-executive Chairman), Andrew Thomas (Non-executive Director), John Jackson (Non-executive Director), Susan Ball (Non-executive Director) and Ian Penrose (Non-executive Director). Ian Ince (Head of Regulatory and Compliance), Alex Latner (General Counsel), Steffen Latussek (Data Protection Officer) and Robert Penfold (Head of Internal Audit) attend the Committee. The Company Secretary, Brian Moore, is secretary to the Committee.

The Committee works closely with the Audit Committee in carrying out its responsibilities and the Chairman of the Audit Committee, Susan Ball, is also a member the Committee.

In addition, PwC LLP, in their capacity as providers of co-sourced internal audit services, and members of the Group's senior management including the Chief Security Officer, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer may be invited to attend meetings to present matters or for the Committee to have the benefit of their experience.

The primary responsibilities delegated to, and discharged by, the Committee include:

- Review management's identification and mitigation of key risks to the achievement of the Company's objectives
- Monitor incidents and remedial activity
- Agree and monitor the risk assessment programme including, in particular, changes to the regulation of online gambling and the assessment of licensees' suitability
- Agree on behalf of the Board and continually review a risk management strategy and relevant policies for the Group, including the employee code of conduct, anti-bribery policy, anti-money laundering policy and wider social responsibility issues
- Satisfy itself and report to the Board that the structures, processes and responsibilities for identifying and managing risks are adequate
- Monitor and procure ongoing compliance with the conditions of the regulatory licences held by the Group

The Risk & Compliance Committee met formally four times during the year, and a summary of the key matters considered by the Committee during 2018 are set out below:

- Monitor the regulatory position in a number of jurisdictions including those which are of relative importance to the Group financially and those where changes may represent a risk or opportunity for the Group
- Consider the costs and regulatory requirements for the Group to seek relevant licences in newly regulating markets
- Applications by or on behalf of the Group for licences in existing or newly regulated markets
- Monitor developments in relation to changes in the regulatory regimes in all jurisdictions in which the Group operates and receiving reports in relation to the likely impact on the Group and the need for entities within the Group to apply for licences
- Consider the overall effectiveness of the compliance strategy and the regulatory risks to the Group's operations and revenues
- Receive and consider reports on discussions with, and the results of, audits by regulators
- Monitor compliance with regulatory licences held in all jurisdictions and adapting procedures, products and technology as appropriate
- Review reports by PwC as external advisers on risk management; consideration of the risks identified from the Group's risk register and of the effectiveness of actions taken to mitigate such risks
- Consideration of the key risks associated with the financials division
- Monitoring the GDPR programme across the Group
- Implementing compliance training for Board members and senior management

DIRECTORS' GOVERNANCE REPORT cont.

The Committee has been kept informed of any changes to the regulatory position in any significant jurisdiction where the Group, through its licensees, and financials division, may be exposed and updated on progress in relation to agreed action items on a regular basis. The Committee can also convene meetings on a more frequent basis or as or when matters arise, if it is determined that enhanced monitoring of a specific risk is warranted.

A table setting out the principal significant risks identified by the Group (including with the oversight and input of the Risk & Compliance Committee) and the mitigating actions that have been undertaken by the Group in relation to these is set out on pages 68 to 71 of this report.

Nominations Committee

The Board is required by the Code to establish a Nominations Committee which should lead the process for Board appointments and make recommendations for appointments to the Board. A majority of members of the Nominations Committee should be independent Non-executive Directors. The Nominations Committee's key objective is to ensure that the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities.

The Nominations Committee comprises Alan Jackson (Chairman), Andrew Thomas, John Jackson, Claire Milne, Susan Ball and Ian Penrose.

The Nominations Committee reviews the structure, size and composition of the Board and its Committees and makes recommendations with regard to any changes considered necessary in the identification and nomination of new Directors, the reappointment of existing Directors and appointment of members to the Board's Committees. It also assesses the roles of the existing Directors in office to ensure that there continues to be a balanced Board in terms of skills, knowledge, experience and diversity. The Nominations Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace. The Nominations Committee also advises the Board on succession planning for Executive Director appointments although the Board itself is responsible for succession generally.

The Nominations Committee has not set itself any formal targets for diversity, including gender, and believes that appointments should be based on merit, compared against objective criteria, with the ultimate aim of ensuring the Board has the right skills, knowledge and experience that enable it to discharge its responsibilities properly.

The Nominations Committee meets on an as-needed basis. Two formal meetings were held in 2018. The meetings focused on the consideration of candidates for the appointment of Non-executive Directors. This led, after a process involving the review of a number of potential candidates, to the appointment of Susan Ball in August 2018 and Ian Penrose in September 2018. No external search consultancy was used in these appointments; however, a list of candidates from a range of backgrounds was prepared. The Nominations Committee went on to recommend Susan Ball's and Ian Penrose's appointments as Non-executive Directors, having considered in detail their skills, knowledge, experience and ability to contribute to the business.

Disclosure Committee

The Disclosure Committee ensures accuracy and timeliness of public announcements of the Company and monitors the Company's obligations under the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA. Meetings are held as required. At the date of this report the Disclosure Committee comprises Susan Ball (Chairman of the Audit Committee), Andrew Smith (Chief Financial Officer), Alex Latner (General Counsel) and Brian Moore (Company Secretary).

Management Committee

The senior management committee is the key management committee for the Group. The standing members of the Committee are Mor Weizer (Chief Executive Officer), Andrew Smith (Chief Financial Officer), Shimon Akad (Chief Operating Officer), Uri Levy (VP Business Development), Jeremy Schlachter (VP Finance) and Brian Moore (Company Secretary). Other members of senior management are invited to the Committee as and when required. The Committee considers and discusses plans and recommendations coming from the operational side of the business and from the various product verticals, in the light the Group's strategy and capital expenditure and investment budgets, including the implications of those plans (in areas such as resources, budget, legal and compliance). The Committee either approves the plans or as necessary refers the proposal for formal Board review and approval in accordance with the Company's formal matters reserved for the Board.

Board tenure

In accordance with the Company's articles of association, every new Director appointed in the year is required to stand for re-election by shareholders at the Annual General Meeting (AGM) following their appointment. Also, under the articles of association, at each AGM one-third of the Directors (excluding any Director who has been appointed by the Board since the previous AGM) or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third, shall retire from office (but so that if there are fewer than three Directors who are subject to retirement by rotation under the articles one shall retire).

Notwithstanding the provisions of the articles of association, the Board has decided to comply with the Code requirements that Directors of companies in the FTSE 250 Index submit themselves for re-election annually. Therefore, apart from Andrew Thomas, who has informed the Board that he does not intend to seek re-election at the forthcoming AGM, all Directors are seeking their reappointment at this year's AGM.

The Board has collectively agreed that the Directors proposed for re-election at this year's AGM have made significant contributions to the business since their last re-election and each has a key role to play in the formulation of the Group's future strategy.

In certain circumstances, Directors are entitled to seek independent professional advice under an agreed Board procedure, which would then be organised by the Company Secretary, and in this regard the Company would meet their reasonable legal expenses.

Balance of the Board

The Board comprises individuals with wide business experience gained in various industry sectors related to the Group's current business and it is the intention of the Board to ensure that the balance of the Directors reflects the changing needs of the business.

The Board considers that it is of a size and has the balance of skills, knowledge, experience and independence that is appropriate for the Group's current business. While not having a specific policy regarding the constitution and balance of the Board, potential new Directors are considered on their own merits with regard to their skills, knowledge, experience and credentials.

The Non-executive Directors continue to contribute their considerable collective experience and wide-ranging skills to the Board and provide a valuable independent perspective; where necessary constructively challenging proposals, policy and practices of executive management. In addition, they help formulate the Group's strategy.

Evaluation

The Board is committed to an ongoing evaluation process of itself and its Committees to assess their performance and identify areas in which their effectiveness, policies and processes might be enhanced. Alan Jackson, in discussion with the Senior Non-executive Director, undertook a review of the performance of individual Directors. Andrew Thomas as Senior Non-executive Director considered the performance of Mr Jackson taking into account the views of the Executive Directors. There were no material areas of concern highlighted and the main outcome of the evaluation this year was to shape and define the Board's objectives for the coming year, continuing the focus on Group strategy and ensuring the structures, capabilities and reporting are in place to achieve the Board's goals.

An independent external review of the Board's effectiveness commenced in late 2018. This review was carried out by Independent Audit Limited, using their Thinking Board online assessment service. Independent Audit Limited have no other connection to the Company and are considered by the Board to be independent. The Company Secretary is in the process of finalising this review, following which, the Board members will discuss the findings and will continue to adopt and implement plans to further develop the effectiveness of the Board during 2019.

Newly appointed Directors can expect a detailed and systematic induction on joining the Board. They meet various members of senior management and familiarise themselves with all core aspects of the Group's operations. On request, meetings can be arranged with major shareholders. Members of senior management are invited to attend Board meetings from time to time to present on specific areas of the Group's business.

Relationship with shareholders

Primary responsibility for effective communication with shareholders lies with the Chairman, but all the Company's Directors are available to meet with shareholders throughout the year. Alan Jackson, Mor Weizer, Andrew Smith, John Jackson, Susan Ball and Ian Penrose met with a number of shareholders to discuss the Company's business and remuneration strategies throughout the year. The Executive Directors prepare a general presentation for analysts and institutional shareholders following the interim and full-year announcements. Details of these presentations together with the Group's financial statements and other announcements can be found on the investor relations section of the Company's website. Further presentations are also prepared following significant acquisitions, as in the case of Snaitech, and whenever the Board considers it beneficial to shareholders to do so. Regular meetings with shareholders and potential shareholders are also held by the Head of Investor Relations and the Director of Corporate Affairs and in conjunction with either the Chief Executive Officer or the Chief Financial Officer. The Company held an Investor Day in November 2018.

The Company endeavours to answer all queries raised by shareholders promptly.

Brickington Trading Limited ("Brickington"), a wholly owned subsidiary of a trust, the ultimate beneficiary of which is Tedi Sagi, one of the Group's founders, had a 6.3% shareholding at the beginning of 2018. During the year, Brickington sold its holdings and is no longer a shareholder of the Company.

As a result of Brickington no longer holding shares in the Company, the agreement entered into by Mr Sagi with the Company in 2012 pursuant to which he provided, as and when requested to do so by the Board, advisory services to the Company for a nominal fee of €1 per annum was automatically terminated on 22 November 2018.

Shareholders are encouraged to participate in the Company's AGM, at which the Chairman will present the key highlights of the Group's performance. The Board will be available at the AGM to answer questions from shareholders.

Investor relations and communications

The Company has well-established Investor Relations (IR) processes, which support a structured programme of communications with existing and potential investors and analysts. Executive Directors and members of the IR team participated in a number of investor events, attending industry conferences and regularly meet or are in contact with existing and potential institutional investors from around the world, ensuring that Group performance and strategy is effectively communicated, within regulatory constraints. Other representatives of the Board and senior management meet with investors from time to time.

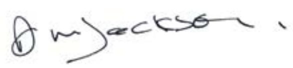
The Head of IR provides regular reports to the Board on related matters, issues of concern to investors, and analysts' views and opinions.

Whenever required, the Executive Directors and the Chairman communicate with our joint brokers, Goodbody and UBS, to confirm shareholder sentiment and to consult on governance issues.

During 2018, 49 regulatory announcements were released informing the market of acquisitions, corporate actions, important customer contracts, financial results, the results of Annual General Meetings, the results of General Meetings and Board changes. Copies of these announcements, together with other IR information and documents, are available on the Group website www.playtech.com.

Summary

In presenting this report, and having monitored, reviewed or approved all shareholder communications in 2018 and since the end of the financial year, the Board is confident that it has presented a balanced and understandable assessment of the Company's position and prospects.



Alan Jackson
Chairman

20 February 2019

AUDIT COMMITTEE REPORT

Composition

The Audit Committee comprises five independent Non-executive Directors. Andrew Thomas stepped down as Chair of the Committee in November 2018 and was succeeded Susan Ball, who is a qualified Chartered Accountant. Therefore, Susan has recent relevant financial experience, in compliance with the Code provision C3.1. Andrew Thomas continues to be a member of the Committee and the other members are John Jackson, Claire Milne and Ian Penrose, all Non-executive Directors. The Committee is authorised to obtain independent advice if considered necessary.

The Chief Financial Officer attended all meetings of the Audit Committee by invitation, and the Vice President of Finance was invited to attend the meetings of the Committee that considered the audited accounts and the interim financial statements, as was the external auditor, BDO LLP ("BDO"). The members of the Committee were also able to meet the auditors without any Executive Directors being present in order to receive feedback from them on matters such as the quality of interaction with management. Both Andrew Thomas and Susan Ball met with BDO separately on several occasions during the year to discuss matters involving the audit process.

During the year, Andrew Thomas and Susan Ball met, individually and in private, with members of the management team in order to understand more fully the context and challenges of Playtech's business operations and thereby ensure the Committee's time was used most effectively. The activities of the Committee members during the last year have enabled it to continue to understand the culture of the organisation, the risks and challenges faced and the adequacy and timeliness of the actions being taken to address them.

Responsibilities

The Audit Committee's primary function is to assist the Board in fulfilling its financial oversight responsibilities. The Board is required by the Code to establish formal and transparent arrangements for considering how it should apply required financial reporting standards and internal control principles and also for maintaining appropriate relationships with the Company's external auditors, BDO. The Committee's terms of reference can be viewed on the Company's website www.playtech.com.

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit function, and the management of the Group's systems of external control, business risks and related compliance activities.

In particular, the Code calls for the description of the work of the Audit Committee to include its activities during the year, the significant issues considered in relation to the financial statements and how they were addressed, how the Committee assessed the effectiveness of the external audit process, the approach of the Committee in relation to the appointment or reappointment of the auditors and how objectivity and independence are safeguarded relative to non-audit services.

The primary responsibilities delegated to, and discharged by, the Committee included:

- Monitoring and challenging the effectiveness of internal control and associated functions
- Approving and amending Group accounting policies
- Reviewing and ensuring the integrity of interim and annual financial statements, in particular the actions and judgements of management in relation thereto before submission to the Board
- Monitoring the implementation of the Company's Code of Business Ethics ("Code of Ethics") and compliance with their provisions
- Reviewing the Company's arrangements for its employees to raise concerns, anonymously or in confidence and without fear of retaliation, about possible wrongdoing in financial reporting or other matters arising under the Code of Ethics
- Reviewing promptly all reports on the Company from the internal auditors and reviewing and assessing the annual internal audit plan
- Monitoring the external auditor's independence and objectivity, including the effectiveness of the audit services
- Monitoring and approving the scope and costs of audit
- Ensuring audit independence and pre-approving any significant non-audit services to be provided by the auditor

Audit Committee's activities

In 2018, the Audit Committee met formally four times.

Matters that were considered by the Committee during the year included:

- Consideration of the Group's Risk Register
- Effectiveness of the Group's system of internal controls and risk management
- Updates on people risk, and cybersecurity risks
- Review of internal audit plan
- Results of internal audit reviews, management action plans to resolve any issues arising and the tracking of their resolution
- Post-acquisition reviews
- Review of Committee terms of reference

Its work also included reviewing the final and interim financial statements and matters raised by management and BDO. After discussions with both management and the external auditor, including the consideration of acquisition accounting relating to business combinations, and related contingent consideration and impairments, made in the current and prior years, the Committee determined that the key risks of misstatement of the Group's financial statements related to the following areas (which are described in the relevant accounting policies and detailed in the Notes to the financial statements on pages 134 to 177).

Revenue recognition

The Audit Committee reviewed the judgements made in respect of revenue recognition, in particular to assess the recognition of revenue from arrangements with customers and partners where the Group is to be remunerated other than by way of a simple revenue share arrangement and undertook a review of key contracts. Following this review, the Committee concluded that the timing of revenue recognition continues to be in line with IFRS requirements. BDO performed detailed audit procedures on revenue recognition and reported their findings to the Committee, which was satisfied as a result of the review process that the approach taken by the Group in the financial statements was appropriate.

Business combinations

The Audit Committee reviewed the judgements made in connection with the accounting treatment for business combinations during the year, together with the assessment of related liabilities in connection with deferred and contingent consideration, and any impairment of the underlying investments of previous years' acquisitions. The Committee reviewed the purchase price allocations (prepared by professional advisers) together with the underlying judgements and forecasts used to determine the fair value of intangible assets, put and call options, and contingent consideration, and satisfied itself that the approach to the accounting treatment taken by the Group was appropriate and in accordance with IFRS requirements and accounting practice. In particular, the Committee focused on the acquisition of Snaitech.

Goodwill and intangible assets

During the year, 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 an 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 cash flow forecasts prepared by management supporting the future performance expectations used in the calculations were reviewed. The Committee considered the outcome of the impairment reviews performed by management. The impairment reviews were 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.

Legal, regulatory and taxation

Given the developing nature of the gambling sector in many countries across the world, and evolving regulation in the financial trading sector, there is a risk that potential material legal or regulatory matters are not disclosed or provided for in the financial statements and therefore the Committee considered with the Group's compliance and legal departments whether there were any known instances of material breaches in regulatory and licence compliance that needed to be disclosed or other claims that required provisions to be made in the financial statements. In particular, the Committee considered forthcoming changes in the regulatory environment in a number of jurisdictions in which the Group's licensees operate, together with the implementation of revised financial services regulations.

The Committee considered the control systems adopted to identify potential regulatory issues and the compliance control systems operating in the Group. Discussions were held with the Head of Regulatory and Compliance. Following this review, the Committee was satisfied that adequate provisions and disclosures were being made for any potential contingent liabilities.

The Audit Committee reviewed and approved the overall tax management and strategy of the Group during the year in light of external and internal advice sought by management and reviewed how the Group considers tax as part of its overall business planning. Consideration was given to transfer pricing studies carried out on behalf of the Group in the period, and assessed, in respect of earlier studies, whether there had been any change in the basis of operations in the relevant territories. Furthermore, given that the tax rules and practices governing the e-commerce environment in which the Group operates continue to evolve, based on the aforementioned external and internal advice received, the Audit Committee considered developments and pending changes in domestic and international tax laws and was satisfied that adequate tax provisions and disclosures were being made for any potential liabilities.

Related party transactions

The Audit Committee examined the practices and procedures adopted by the Group to ensure that related party transactions are conducted on arm's length terms. The Committee considered the processes followed in relation to such transactions that were entered into during 2018 and concluded that these processes had worked effectively and that the related party transactions with entities that are related by virtue of a common significant shareholder had been properly conducted on an arm's length basis and appropriately disclosed in the financial statements. On 27 June 2017, Brickington Trading Limited ("Brickington") decreased its holding to 6.3% and from this date Brickington no longer met the definition of a related party. In addition, Brickington sold its entire holding on 12 November 2018. BDO undertook a review of this area as part of its audit work.

Financial statements

The Group's financial statements are reviewed by the Audit Committee in advance of their consideration by the Board. The Committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and professionalism.

Having undertaken the processes described above, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures).

Based on the above, the Committee considers that the Annual Report and Accounts, taken as a whole, is fair, balanced, understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

AUDIT COMMITTEE REPORT cont.

Internal control

In recognition of the increasing levels of complexity in relation to internal controls and a desired commitment to have a dedicated in-house function, our Internal Audit Team was further strengthened during 2018. The historical Internal Audit relationship between PricewaterhouseCoopers LLP (PwC) and Playtech continues and is therefore a co-sourced arrangement, with PwC continuing to provide support to the Internal Audit Team given their experience of the Group and the specialist services they offer.

During the year, the Internal Audit Team performed a number of reviews over both individual entities and central functions across the Group. The results of these audits were reported to the Audit Committee on a regular basis, with recommendations made by Internal Audit and corresponding management actions being reviewed and challenged, where appropriate. In addition to regular feedback of audit results, the Internal Audit Team monitor completion of management actions and provide updates of these to the Audit Committee on a quarterly basis.

An Internal Audit Plan for 2019 was developed by the Internal Audit Team and agreed with the Audit Committee at the November 2018 Audit Committee meeting. Internal Audit will carry out audits in accordance with this plan using a risk-based approach and continue to maintain effective lines of communication with the Audit Committee and key management. The Internal Audit Team will also be utilised to provide assurance over corporate governance matters and for ad hoc projects, where necessary.

The Committee confirms that any necessary action will be taken to remedy any significant failings or weaknesses identified from any Internal Audit reviews. The system of internal controls and audit is designed to ensure local legal and regulatory compliance and manage, rather than eliminate, the risk of failure to achieve business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

Auditor's independence

The Audit Committee, on behalf of the Board, undertakes a formal assessment of the auditor's independence each year, which includes:

- A review of non-audit related services provided by BDO and related fees
- A discussion with the auditor of a written report detailing all relationships with the Group and any other parties which could affect independence or the perception of independence
- A review of the auditor's own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the periodic rotation of the audit partner
- Obtaining written confirmation from the auditors that they are independent
- A review of fees paid to the auditors in respect of audit and non-audit services

During the year the auditors undertook certain specific pieces of non-audit work, (including work in relation to tax matters, the evaluation of potential acquisition targets and as reporting accountants on the Class 1 Circular in connection with the Snaitech acquisition). BDO were selected to undertake these tasks due to their familiarity with the gambling industry, in particular their familiarity with the unique Italian B2C gambling industry where they have a strong local presence and prior M&A experience in that market. In order to maintain BDO's independence and objectivity, BDO undertook its standard independence procedures in relation to those engagements. Further details of the non-audit fees are included in Note 6 to the financial statements on pages 148 to 149.

The Audit Committee continually assesses the effectiveness and independence of the external auditors. During the year, the Committee considered a formal tender process in accordance with the provisions of the Code, and in compliance with the Competition Commission Order relating to the statutory audit market for FTSE 350 companies. Given the current uncertainties around the CMA review of Audit Reform and the material acquisition made during the year, the Committee concluded that BDO remained the optimal provider of audit services and should remain as auditor for 2018. The position will continue to be monitored throughout the year as new regulations and guidance emerge.

Susan Ball
Chairman of Audit Committee

20 February 2019

STATEMENT BY THE COMMITTEE CHAIRMAN

SIMPLE & TRANSPARENT PLANS

Ian Penrose
Non-executive Director

We have a fixed remuneration policy coupled with simple and transparent incentive-based plans.

Dear Shareholder

On behalf of the Board, I welcome the opportunity to present the Remuneration Committee's report on Directors' remuneration for the year to 31 December 2018. This is my first report since joining the Board and the Remuneration Committee on 1 September 2018. I was appointed Chairman of the Committee on 1 November 2018.

The Committee has reflected at length on the strength of investor feelings on our approach to executive remuneration in FY 2017, which led to our Remuneration Report vote being defeated at the AGM in May 2018.

Since joining the Board and the Committee, I and other Board members have met several of our largest shareholders to better understand their concerns. The Committee has also undertaken a full review of the entire Directors' remuneration policy and practice, as part of our response to the 2018 vote result, and we will give shareholders the opportunity to vote on a new policy at the 2019 AGM. We believe that the proposed new policy and, more importantly, how we propose to operate it, will ensure that the pay our executives receive is aligned to our shareholders' long-term interests. I am confident that the changes we are making are right for Playtech and for our shareholders and will help reduce the level of concern that has been identified in previous years.

There will also be the usual advisory vote on the adoption of the Annual Report on Remuneration and this Statement.

Remuneration philosophy

Our Remuneration Policy is designed to reward the contributions of senior management as well as incentivise them to maintain and enhance Playtech's position as the software and services provider of choice to the gambling sector and deliver in line with Playtech's M&A strategy.

Remuneration is delivered via fixed remuneration and simple and transparent incentive-based plans enabling the Executive Directors to be rewarded for delivering strong financial performance and sustainable returns to shareholders. In fast-moving sectors such as ours we need to apply the policy flexibly in order to deliver the right level of overall pay to Directors.

How we operated our policy in 2018

In our 2017 Annual Report on Remuneration we set out a statement of how we intended to operate the remuneration policy in 2018. More recently, the Committee has determined the following:

- There should be no LTIP award in 2018, in view of market uncertainty
- The Committee determined in May 2018 that the Chief Financial Officer's salary should be increased from £350,000 to £400,000 as part of a phased approach to deliver the required market positioning and in recognition of the CFO's continued growth in the role. Since his appointment in January 2017, the CFO has performed to a high standard and is important to the Company's development and strategy. The Committee has been keen to ensure that this is recognised with a salary which is appropriate for a CFO of a FTSE 250 company in our sector

STATEMENT BY THE COMMITTEE CHAIRMAN cont.

Performance and pay outcome for 2018

The financial performance of the business fell below the minimum threshold for EBITDA performance. Therefore, from a bonus perspective, no bonus will be payable under the 70% of the bonus attributed to financial performance.

In relation to the 30% of the bonus given over to the achievement of strategic objectives, the Committee believes that there has continued to be strong delivery against the business strategy. During the year the Executive Directors have delivered the sale of Playtech's remaining stakes in both GVC and Plus500 with good timing and excellent returns, launched a successful bond issue, made the balance sheet more efficient, concluded the challenging acquisition of Snaitech and started its integration into the Group. The Committee believes that management's performance has again been very good in difficult market conditions. On this basis the Committee determined that 25% (out of the maximum of 30%) of the bonus given over to strategic measures should be paid. In all, the bonus payable is 25% of the maximum (which compares to 93% of the maximum for 2017). Of the bonuses paid, 25% will be payable in deferred shares in line with the remuneration policy.

The 2016-2018 LTIP award will vest at a level of 21.82%. This reflects partial vesting of the EPS element of the award. The minimum performance threshold for TSR was not met and this element of the award lapsed.

The Committee is comfortable that the remuneration paid to Executive Directors for 2018 is appropriate.

New remuneration policy for the three years 2019-2021

We believe that our current policy, approved by shareholders in 2017, remains well aligned to the business strategy. In presenting a revised policy, we are also confident that, with a few modest changes, the policy will also be in line with investor guidelines and the new UK Corporate Governance Code.

The changes are highlighted in the policy section of this report on pages 99 to 104 and include the following:

- For new Directors, pension provision will be in line with the workforce in the jurisdiction in which they are located
- Malus and clawback provisions have been broadened to include reputational damage and corporate failure
- We have added a two year post vest holding period to vested PSP awards
- We have added a requirement for shares to be held for two years after cessation of employment at the lower of the executive's shareholding at the time of departure and the shareholding guideline of 200% of base salary

On this basis we believe that the policy complies in all respects with the new Code.

How we will operate the policy in 2019

Base salary

To align with the Company's financial year, we have changed the date of salary reviews from June to January. The Committee reviewed the Executive Directors' salaries with effect from 1 January 2019.

There will be no change to Mor Weizer's salary for FY 2019. The salary for Andrew Smith, our Chief Financial Officer, will increase by 5% to £420,000 with effect from 1 January 2019. This represents the final phased increase to attain the desired position for the role.

Annual bonus

The annual bonus opportunity will remain unchanged at 200% and 150% of salary for the CEO and CFO respectively. Financial performance will drive 70% of the bonus but, rather than being based solely on EBITDA, it will be split 50% EBITDA and 20% cash flow. We will again set stretching targets for both. The remaining 30% of the bonus will be based on key strategic targets. The targets will have a graduated approach to differentiating between good and excellent performance, with full disclosure in next year's Annual Report.

25% of any bonus earned will continue to be payable in deferred shares.

LTIP award

In view of the current share price level and significant market uncertainty we have made some changes to how we will operate the LTIP in 2019.

Following the Committee's decision that there should be no award in 2018, awards in 2019 will be made at the normal level of 200% and 150% of base salary for the CEO and CFO respectively. Taking into account the lack of an award in 2018, in practice this is equivalent to a 50% 'scale back' of awards over the two years.

The most recent LTIP award (made in 2017) was granted with performance conditions based on EPS growth for 70% of the award and relative TSR against the FTSE 250 for the remaining 30%. For the 2019 award, we have decided to use relative TSR as the performance metric for the whole of the award.

One half of the award will depend on performance relative to the FTSE 250 (excluding investment trusts). The other half will involve measuring Playtech's TSR against a bespoke comparator group of 11 listed sector peers, as set out in the Annual Report on Remuneration. In both cases, median performance will result in a vesting level of 25%, rising to full vesting for upper quartile performance, with straight-line vesting between these points.

Any vesting will further be dependent on the Committee ensuring that the level of TSR performance achieved is consistent with the underlying financial performance of Playtech over the performance period.

The Committee believes that these measures remain aligned with Playtech's long-term growth strategy. TSR is a fundamental reflection of our ability to generate attractive returns for shareholders which are better than our peers and the wider market. We also believe that the targets we have chosen are challenging but achievable, and that meeting the maximum targets will justify vesting of the full award.

In line with the new remuneration policy, any shares which vest after the end of the three-year performance period must be held for a further two years (subject to any sales required to meet tax due on vesting).

Concluding remarks

I hope you will agree that we have made significant progress since the AGM vote in 2018 and that our remuneration policy and structure for 2019 puts us in a better place to meet the expectations of our shareholders.

The Remuneration Committee encourages dialogue with the Company's shareholders and would welcome any comments or questions from investors ahead of the 2019 AGM. The Committee and I hope we can count on your support at the 2019 AGM for a remuneration policy which supports the business strategy and will reward the long-term success of the business.

Ian Penrose
On behalf of the Remuneration Committee

20 February 2019

REMUNERATION POLICY REPORT

At the 2018 AGM a majority of shareholders voted against the advisory vote to approve the Annual Report on Remuneration. Although Playtech is not a UK-incorporated company, we seek to follow UK practice and, accordingly, this means that Playtech must seek shareholder approval for a new remuneration policy at the 2019 AGM. Having last approved our policy at a general meeting held immediately after the 2017 AGM, this means that we are seeking shareholder approval for a new remuneration policy a year earlier than we would normally do so. We have conducted a thorough review of the remuneration policy and we are satisfied that the remuneration framework remains effective in supporting the Company's strategic objectives. Accordingly, the changes proposed primarily bring the policy in line with best practice and ensure compliance with the new UK Corporate Governance Code.

If approved by shareholders, the revised policy will take effect immediately after the AGM on 15 May 2019.

The Committee believes that the individual contributions made by Executive Directors and senior management are fundamental to the successful performance of the Company. The policy therefore has the following objectives. It seeks to:

- Pay executives competitively, recognising that they have highly marketable skills to companies already in (and those considering entry to) the online gambling industry, but acknowledge local market levels, and where appropriate, practices
- Incentivise and reward behaviours that will contribute to superior Company performance
- Enable the Company to attract and retain international executives of the required calibre, particularly in potential new markets
- Be simple and understandable
- Provide good lock-in of key employees through deferred elements
- Avoid reward for failure

The proposed changes to the policy are as follows:

- We reflect the Remuneration Committee's new approach of applying basic salary changes effective from January rather than June, to coincide with the Company's financial year
- For new Directors, pension provision will be in line with the workforce in the jurisdiction in which they are located
- Malus and clawback provisions have been broadened to include reputational damage and corporate failure
- We have added a two-year post vest holding period to vested LTIP awards
- We have added a requirement for shares to be held for two years after cessation of employment at the lower of the executive's shareholding at the time of departure and the shareholding guideline of 200% of base salary

Remuneration policy for Executive Directors

The following table sets out the remuneration policy for the Executive Directors:

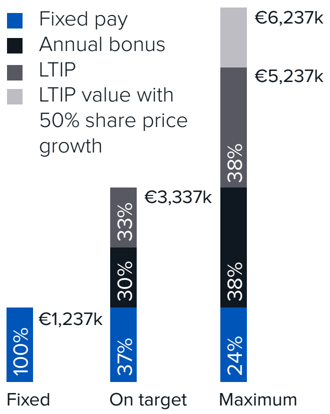
Salary	To attract, retain and motivate high calibre individuals for the role and duties required To provide market competitive salary relative to the external market To reflect appropriate skills, development and experience over time	Normally reviewed annually by the Remuneration Committee, typically effective in January Takes account of the external market and other relevant factors including internal relativities and individual performance In reviewing salary levels, the Remuneration Committee may take into account the effect of any exceptional exchange rate fluctuations in the previous year Executive Directors decide the currency of payment once every three years (which can be in Pound sterling, US dollars or Euros) with the exchange rate being fixed at that time	Other than when an executive changes roles or responsibilities, or when there are changes to the size and complexity of the business, annual increases will not exceed the general level of increases for the Group's employees, taking into account the country where the executive ordinarily works If a particularly large adjustment is required, this may be spread over a period of time	N/A

REMUNERATION POLICY REPORT cont.

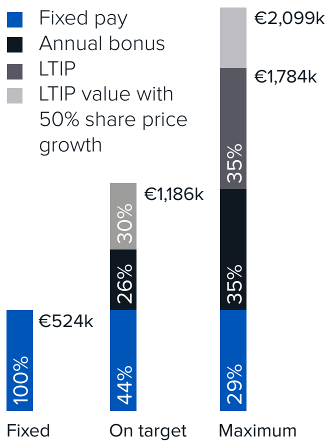
Bonus	Clear and direct incentive linked to annual performance targets Incentivise annual delivery of financial measures and personal performance Corporate measures selected consistent with and complement the budget and strategic plan	Paid in cash and shares Clawback and malus provisions apply whereby bonus payments may be required to be repaid for financial misstatement, misconduct, error, serious reputational damage and corporate failure	200% of salary for the CEO and 150% of salary for other Executive Directors 25% of any payment is normally deferred into shares for two years which is subject to recovery provisions	Performance measured over one year Based on a mixture of financial performance and performance against strategic objectives Normally no less than 70% of the bonus will be dependent on financial performance Bonus is paid on a sliding scale of 0% for threshold increasing to 100% for maximum performance
Long Term Incentive Plan (LTIP)	Aligned to key strategic objective of delivering strong returns to shareholders and earnings performance	Grant of performance shares, restricted shares or options Two-year holding period will be applied to vested shares (from 2019 awards), subject to any sales required to satisfy tax obligations on vesting Clawback and malus provisions apply whereby awards may be required to be repaid for instances of financial misstatement, misconduct, error, serious reputational damage and corporate failure	Maximum opportunity of 250% of salary with normal grants of 200% and 150% of salary in performance shares for the CEO and CFO respectively	Performance measured over three years Performance targets aligned with the Group's strategy of delivering strong returns to shareholders and earnings performance 25% of the awards vest for threshold performance
Pension	Provide retirement benefits	Provision of cash allowance	Up to 20% of salary Pension for new Executive Directors will be in line with the pension plan operated for the majority of the workforce in the jurisdiction where the director is based	N/A
Other benefits	To help attract and retain high calibre individuals	Benefits may include private medical insurance, permanent health insurance, life insurance, rental and accommodation expenses on relocation and other benefits such as long service awards Other additional benefits may be offered that the Remuneration Committee considers appropriate based on the Executive Director's circumstances Non pensionable	N/A	N/A

Share ownership guidelines	The Company has a policy of encouraging Directors to build a shareholding in the Company	Executive Directors are expected to accumulate a shareholding in the Company's shares to the value of at least 200% of their base salary Executive Directors are required to retain at least 50% of the net of tax out-turn from the vesting of awards under deferred bonus plan and the LTIP until the minimum shareholding guideline has been achieved Shares must be held for two years after cessation of employment (at lower of the 200% of salary guideline level, or the actual shareholding on departure)	N/A	N/A
Non-executive Directors	To provide a competitive fee for the performance of NED duties, sufficient to attract high calibre individuals to the role	Fees are set in conjunction with the duties undertaken Additional fees may be paid on a pro-rata basis if there is a material increase in time commitment and the Board wishes to recognise this additional workload Any reasonable business related expenses (including tax thereon) which are determined to be a taxable benefit can be reimbursed The Chairman is entitled to be provided with a fully expensed Company car	Other than when an individual changes roles or where benchmarking indicates fees require realignment, annual increases will not exceed the general level of increases for the Group's employees	N/A

REMUNERATION POLICY REPORT cont.



CEO



CFO

Footnotes:
1. Assumptions when compiling the charts are:
Threshold = fixed pay only (base salary, benefits and pension).
Target = fixed pay plus 50% of annual bonus payable and 55% of LTIP vesting.
Maximum = fixed pay plus 100% of annual bonus payable and 100% of LTIP vesting.
2. Share price appreciation has been taken into account for the Maximum column on the basis of a 50% increase in the share price across the performance period.

Explanation of chosen performance measures and target setting

Performance measures will be selected to reflect the key performance indicators which are critical to the realisation of our business strategy and delivery of shareholder returns.

The performance targets are reviewed each year to ensure that they are sufficiently challenging. When setting these targets the Committee will take into account a number of different reference points including, for financial targets, the Company's business plan and consensus analyst forecasts of the Company's performance. Full vesting will only occur for what the Remuneration Committee considers to be excellent performance.

Remuneration scenarios for Executive Directors at different levels of performance

The Company's policy results in a significant proportion of remuneration received by Executive Directors being dependent on Company performance. The graph left illustrates how the total pay opportunities for the Executive Directors for 2019 vary under three performance scenarios: minimum, on-target and maximum.

Policy on recruitment or promotion of Executive Directors

Base salary levels will be set to reflect the experience of the individual, appropriate market data and internal relativities. The Remuneration Committee may feel it is appropriate to appoint a new Director on a below market salary with a view to making above market and workforce annual increases on a phased basis to reach the desired salary positioning, subject to individual and Company performance.

Normal policy will be for the new Director to participate in the remuneration structure detailed above, including the maximum incentive levels for the Chief Executive Officer and Chief Financial Officer. The pension contribution will be aligned to the contribution received by the majority of the workforce in the jurisdiction in which the Director is based. Depending on the timing of the appointment, the Remuneration Committee may decide to set different annual bonus performance conditions for the first performance year of appointment from those stated in the policy above. The Committee may also provide relocation expenses/arrangements, legal fees and costs.

The variable pay elements that may be offered will be subject to the maximum limits stated in the policy table. The Remuneration Committee may consider it necessary and in the best interests of the Company and its shareholders to offer additional cash and/or make a grant of shares in order to compensate the individual for remuneration that would be forfeited from the current employer. Such awards would be structured to mirror the value, form and structure of the forfeited awards or to provide alignment with existing shareholders.

In the case of an internal promotion, any commitments entered into prior to the promotion shall continue to apply. Any variable pay elements shall be entitled to pay out according to its original terms on grant.

For the appointment of a new Chairman or Non-executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

Service contracts and exit payments

Executive Directors

Set out in the table below are the key terms of the Executive Directors' terms and conditions of employment.

A bonus is not ordinarily payable unless the individual is employed and not under notice on the payment date. However, the Remuneration Committee may exercise its discretion to award a bonus payment pro rata for the notice period served in active employment (and not on garden leave).

Provision	Detail
Remuneration	Salary, bonus, LTIP, benefits and pension entitlements in line with the above Directors' Remuneration Policy Table
Change of control	No special contractual provisions apply in the event of a change of control
Notice period	12 months' notice from Company or employee for the CEO and six months' notice for the CFO ▸ CEO contract signed on 1 January 2013 ▸ CFO contract signed on 10 January 2017
Termination payment	The Company may make a payment in lieu of notice equal to basic salary plus benefits for the period of notice served subject to mitigation and phase payments where appropriate
Restrictive covenants	During employment and for 12 months thereafter

The LTIP rules provide that other than in certain 'good leaver' circumstances awards lapse on cessation of employment. Where an individual is a 'good leaver' the award would vest on the normal vesting date (or cessation of employment in the event of death) following the application of performance targets and a pro-rata reduction to take account of the proportion of the vesting period that has elapsed. The Committee has discretion to partly or completely dis-apply pro-rating or to permit awards to vest on cessation of employment.

Non-executive Directors

The Non-executive Directors each have specific letters of appointment, rather than service contracts. Their remuneration is determined by the Board within limits set by the articles of association and is set taking into account market data as obtained from independent Non-executive Director fee surveys and their responsibilities. Non-executive Directors are appointed for an initial term of three years and, under normal circumstances, would be expected to serve for additional three-year terms, up to a maximum of nine years, subject to satisfactory performance and re-election at the Annual General Meeting as required.

On his appointment as Chairman of the Board being announced, Alan Jackson entered into a new letter of appointment (effective from 9 October 2013) when Roger Withers announced his decision to retire as Chairman of the Board in August 2013.

The table below is a summary of the key terms of the letters of appointment for the Non-executive Directors.

The letters of appointment of the Non-executive Directors are available for inspection at the Company's registered office and will be available before and after the forthcoming AGM.

Consideration of employment conditions elsewhere in the Company when setting Directors' pay

The Remuneration Committee when setting the policy for Executive Directors takes into consideration the pay and employment conditions through the Company as a whole.

In determining salary increases for Executive Directors, the Committee considers the general level of salary increase across the Company. Typically, salary increases will be aligned with those received elsewhere in the Company unless the Remuneration Committee considers that specific circumstances exist (as mentioned in the policy table) which require a different level of salary increase for Executive Directors.

As part of the Committee's wider remit under the new UK Corporate Governance Code, the Committee will continue to monitor pay policies and practices within the wider group and to provide input and challenge in respect of current policies and practices as well as any proposed future review and changes to ensure that they are appropriate, fair, aligned to the Executive Directors' Remuneration Policy and support the culture and growth of the business.

The Committee will consider the most appropriate way to engage with the wider workforce to explain the alignment of the Directors' Remuneration Policy to the wider Group. We will report more fully in next year's Annual Report on Remuneration.

Consideration of shareholder views

The Company is committed to engagement with shareholders and has engaged extensively on remuneration issues since the 2018 AGM.

Legacy arrangements

In approving the Remuneration Policy, authority is given to the Company to honour any commitments previously entered into with current or former Directors that have been disclosed previously to shareholders.

Name	Date	Term	Termination
Alan Jackson[1]	29 August 2013	Until third AGM after appointment unless not re-elected	Six months' notice on either side or if not re-elected, disqualification or commits gross misconduct
Andrew Thomas[1]	19 June 2012	Until third AGM after appointment unless not re-elected	Six months' notice on either side or if not re-elected, disqualification or commits gross misconduct
John Jackson	1 January 2016	Until third AGM after appointment unless not re-elected	90 days' notice on either side or if not re-elected, disqualification or commits gross misconduct
Claire Milne	8 July 2016	Until third AGM after appointment unless not re-elected	
Susan Ball	1 August 2018	Until third AGM after appointment unless not re-elected	
Ian Penrose	1 September 2018	Until third AGM after appointment unless not re-elected	

1. The notice periods were incorrectly reported in prior years' Annual Reports as being 120 days. The correct notice period is six months in each case.

REMUNERATION POLICY REPORT cont.

Discretion vested in the Remuneration Committee

The Remuneration Committee will operate the annual bonus and LTIP according to their respective rules (or relevant documents) and in accordance with the Listing Rules where relevant. The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of these plans. These include, but are not limited to, the following in relation to the LTIP:

- The participants
- The timing of grant of an award
- The size of an award
- The determination of vesting
- Discretion required when dealing with a change of control or restructuring of the Group
- Determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends)
- The annual review of performance measures and weighting, and targets for the LTIP from year to year

In relation to the annual bonus plan, the Remuneration Committee retains discretion over:

- The participants
- The timing of a payment
- The determination of the amount of a bonus payment
- Determination of the treatment of leavers
- The annual review of performance measures and weighting, and targets for the annual bonus plan from year to year

In relation to both the Company's LTIP and annual bonus plan, the Committee retains the ability to adjust the targets and/or set different measures if events occur (e.g. material acquisition and/or divestment of a Group business) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Given the unique, fast-changing and challenging environment in which the Group operates, the Remuneration Committee considers that it needs some discretion if, acting fairly and reasonably, it feels that the payout is inconsistent with the Company's overall performance taking account of any factors it considers relevant. Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

External directorships

The Group allows Executive Directors to hold a Non-executive position with one other company, for which they can retain the fees earned.

ANNUAL REPORT ON REMUNERATION

The sections of this report subject to audit have been highlighted.

Directors' emoluments (in €) (Audited)

Executive Director	Mor Weizer 2018	Mor Weizer 2017	Andrew Smith 2018	Andrew Smith 2017
Salary[1]	1,128,460	950,336	432,294	385,235
Bonus[2]	556,506	1,746,034	159,995	533,949
Long-term incentives	1,065,759	1,296,787	254,610	139,170
Benefits[3]	40,640	43,854	22,431	22,177
Pension	225,620	154,565	92,986	58,279
Total emoluments	**3,016,985**	**4,191,576**	**962,316**	**1,138,810**

1 Basic salary of the Executive Directors is determined in Pounds Sterling and then converted into euros at the average exchange rate applicable during the relevant financial year for the purpose of this report. Mor Weizer's salary was set at £1,000,000 in June 2017 and there was no further increase during 2018. As noted on page 97, the salary for Andrew Smith was increased from £350,000 to £400,000 with effect from 1 May 2018. This was part of a phased approach to deliver the required market positioning and in recognition of the CFO's continued growth in the role. Since his appointment in January 2017, the CFO has performed to a high standard and is important to the Company's development and strategy. The Remuneration Committee has been keen to ensure that this is recognised with a salary which is appropriate for a CFO of a FTSE 250 company in Playtech's sector.
2 The figure for bonuses in 2018 above represents a payment as determined by the Remuneration Committee for the Executive Directors given the Company's performance during the period and by reference to their actual salary earned during the year to 31 December 2018. The bonuses were determined in Pounds Sterling and then converted into euros at the exchange rate applicable as at 31 December 2018. Details of (a) how the annual performance bonus for the Executive Directors was determined; and (b) the timing of bonus payments, is set out below.
3 Benefits include private medical insurance, permanent health insurance, car and life assurance.

Non-executive Directors' emoluments (in €) (Audited)

Director	Fees 2018	Fees 2017	Annual bonus 2018	Annual bonus 2017	Benefits 2018	Benefits 2017	Pension 2018	Pension 2017	Total emoluments 2018	Total emoluments 2017
Alan Jackson	433,867	438,864	–	–	9,022	10,459	–	–	442,889	449,323
Andrew Thomas	118,563	117,104	–	–	–	–	–	–	118,563	117,104
Paul Hewitt	69,532	117,104	–	–	–	–	–	–	69,532	117,104
John Jackson	118,563	117,104	–	–	–	–	–	–	118,563	117,104
Claire Milne	118,563	117,104	–	–	–	–	–	–	118,563	117,104
Susan Ball	49,031	–	–	–	–	–	–	–	49,031	–
Ian Penrose	39,261	–	–	–	–	–	–	–	39,261	–

Note:
Alan Jackson was provided with a Company car during the year. Susan Ball joined the Board on 1 August 2018. Ian Penrose joined the Board on 1 September 2018. Paul Hewitt stepped down from the Board on 1 August 2018.

Determination of 2018 bonus

In accordance with the Company's Remuneration Policy, the CEO and CFO had the opportunity to earn a bonus in respect of 2018 of 200% and 150% of salary respectively. 2018 performance was assessed against a mixture of financial and non-financial targets.

The financial targets (representing 70% of bonus opportunity) used Adjusted EBITDA as a reference point, payable on a sliding scale of 0% for threshold to 100% for maximum performance.

Adjusted EBITDA was selected as an appropriate measure as it is the key financial performance metric of the Company, most closely representing the underlying trading performance of the business and is calculated after adding back certain non-cash charges, cash expenses relating to professional costs on acquisitions, gains on sale of investments and certain one-off charges as set out in the financial statements on pages 148 to 149.

The non-financial performance targets (representing 30% of bonus opportunity), were selected to underpin key strategic objectives of the Group aligned with the business strategy. Specific non-financial performance targets included the sale of our holdings in GVC and Plus500 (subject to favourable market conditions), an improvement in our balance sheet efficiency, progress in regulated markets and the acquisition of Snaitech together with its integration into the Group.

When reviewing 2018 performance the Committee noted that the Adjusted EBITDA for the financial year ended 31 December 2018 was €343.0 million, which was below the minimum threshold set for this element of the bonus. As a result, no element of the bonus was payable for financial performance.

The operational highlights set out in the Strategic Report on page 1 to 81 demonstrate that a number of the key strategic objectives set for executives were successfully achieved. In particular, the Committee took account of the successful sale of the Group's holdings in GVC and Plus500, the successful bond issue, greater balance sheet efficiency, progress in regulated markets and the conclusion and continuing integration of the Snaitech acquisition.

ANNUAL REPORT ON REMUNERATION cont.

The Committee considered that the targets for the strategic objectives element of the bonus had been met in part, and resolved to pay a bonus at a level of 25% (out of a maximum of 30%). This resulted in a payment of €556,506 for the CEO (25% of salary earned in 2018) and a figure of €159,995 for the CFO (25% of salary earned in 2018).

25% of this amount will be deferred in shares for two years.

The Committee is satisfied that the annual bonus payments to Executive Directors are a fair reflection of corporate and individual performance during the year.

LTIP awards (Audited)
During the year, the Committee met to review proposals for granting awards of LTIPs to the Executive Directors. In view of market uncertainty, it was resolved not to make any awards for 2018. The Committee considered all relevant factors and felt that this was the correct decision.

The LTIP awards granted in December 2016 vested subject to performance conditions measured over a three-year period from 1 January 2016 to 31 December 2018. The outcome was as follows:

Measure	Weighting	Performance condition	Performance achieved	% of this element of the award vesting
EPS	70%	Compound growth in EPS between 6% p.a. (for 25% vesting) and 15% p.a. (for 100% vesting)	6.74% p.a.	31.17%
Relative TSR[1]	30%	TSR performance between median (for 25% vesting) and upper quartile (for 100% vesting)	Below median	0%

1 Measured against the FTSE 250 (excluding investment trusts).

As a result of the performance conditions being partially met, the 2016 LTIP award will vest at a level of 21.82%.

Termination payments (Audited)
No termination payments to Directors were made in 2018.

Payments to past Directors (Audited)
There were no payments made to past Directors in 2018.

Implementation of policy for 2019

Salary review
Historically, salary reviews for the Executive Directors took place mid-year. For 2019 and subsequent years, the Committee has decided to conduct these reviews at the beginning of the calendar year as this will result in the alignment of salary reviews with the Company's financial year.

Accordingly, the Committee reviewed the salaries for both Mr Weizer and Mr Smith in January 2019. It was decided that Mr Weizer's salary would remain unchanged for 2019.

In Mr Smith's case, the Committee resolved to increase his salary from £400,000 to £420,000 with effect from 1 January 2019.

The current basic salary levels of the Executive Directors are:

- M. Weizer: £1,000,000 (equivalent to €1,113,011 at 31 December 2018 exchange rate between Sterling and Euro used in the accounts)
- A. Smith: £420,000 (equivalent to €467,464 at 31 December 2018 exchange rate between Sterling and Euro used in the accounts) which was effective from 1 January 2019

Fees currently payable to Non-executive Directors are:

- Chairman: £384,000 (equivalent to €427,396 at 31 December 2018 exchange rate between Sterling and Euro used in the accounts)
- Non-executive Director base fee: £105,000 (equivalent to €116,866 at 31 December 2018 exchange rate between Sterling and Euro used in the accounts)

Non-executive Director fees will not increase for 2019.

The Non-executive Director fees recognise core responsibilities and additional duties as Chair of a Board Committee.

Benefits and pension
Benefit and pension provision will continue to be set in line with the approved policy.

Annual bonus
The annual bonus opportunity will remain unchanged at 200% of salary for the CEO and 150% of salary for the CFO.

For 2019, bonuses for the Executive Directors will be based on the following:

	Performance target	Weighting
Adjusted EBITDA	Commercially confidential	50%
Cash flow	Commercially confidential	20%
Non-financial and strategic objectives	Commercially confidential	30%

The Adjusted EBITDA and cash flow targets will be set in line with the business plan and the targets will be very challenging.

The level of bonus payable by reference to the financial performance of the Company will be determined on a sliding scale. There will be retrospective disclosure of the targets and performance in next year's report.

The annual bonus will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation, for a serious reputational event and in the event of corporate failure. These provisions will apply for a period of three years after payment.

Long Term Incentive Plan (LTIP)
The Remuneration Committee has decided to grant LTIP awards in 2019 at 200% of salary and 150% of salary for the CEO and CFO respectively.

Awards made to Executive Directors will vest on the third anniversary of grant subject to (i) participants remaining in employment (other than in certain 'good leaver' circumstances) and (ii) achievement of challenging performance targets.

Awards granted in 2019 will vest subject to the satisfaction of targets based on relative TSR performance. Threshold performance will result in 25% vesting.

One half of the award will be measured against the companies comprising the FTSE 250 Index (excluding investment trusts) as at grant. The other half will measure Playtech's TSR against a bespoke comparator group of 11 listed sector peers as follows:

GVC Holdings
Sportech
Paddy Power Betfair
William Hill
888 Holdings
JPJ
Rank Group
Betsson
International Game Tech
Kindred Group
OPAP

For both groups, median performance will result in a vesting level of 25%, rising to full vesting for upper quartile performance, with straight-line vesting between these points.

Any vesting will further be dependent on the Committee ensuring that the level of TSR performance achieved is consistent with the underlying financial performance of Playtech over the performance period.

LTIP awards from 2019 will be subject to a two-year retention period post vesting.

LTIP awards granted from 2019 will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation, for a serious reputational event and in the event of corporate failure. These provisions will apply for a period of three years post vesting.

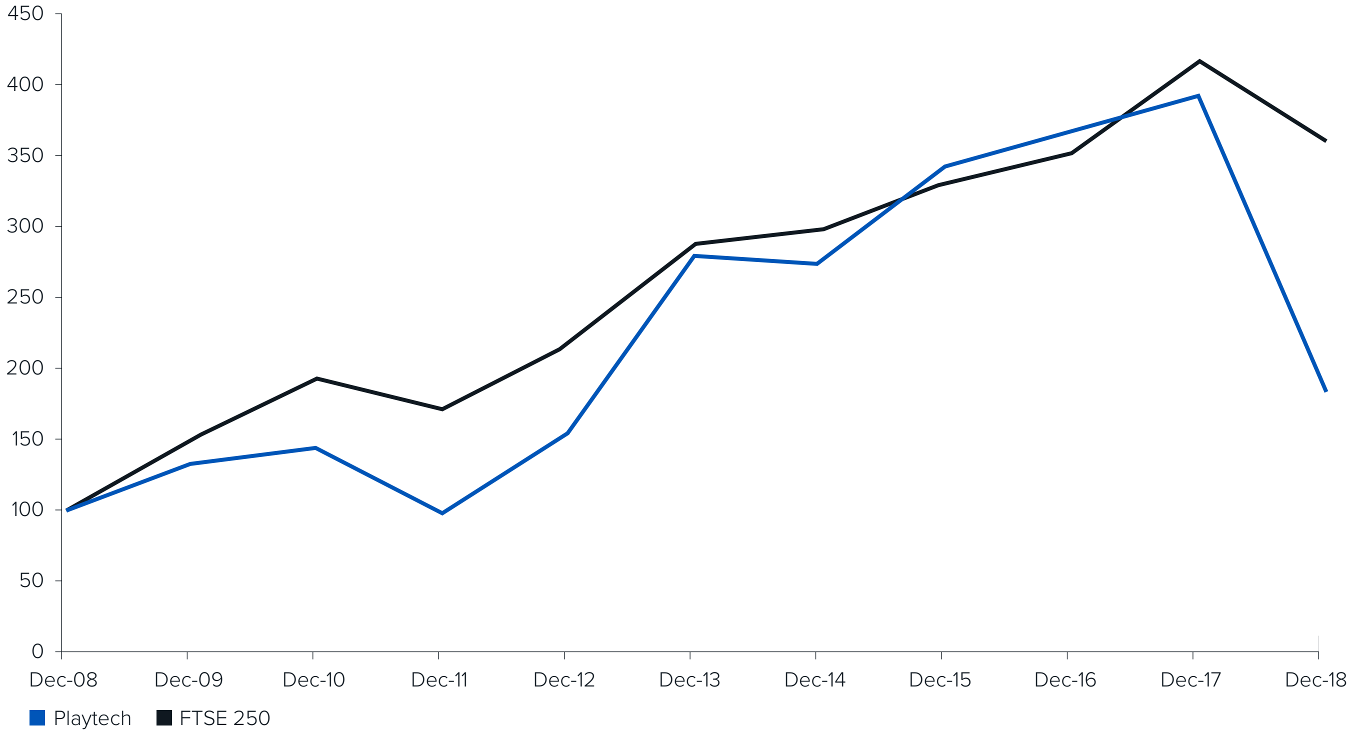
Dilution limits

All of the Company's equity-based incentive plans (other than the Option Plan which was established before the Company's admission to AIM in 2006) incorporate the current Investment Association Guidelines on headroom which provide that overall dilution under all plans should not exceed 10% over a ten-year period in relation to the Company's issued share capital (or reissue of treasury shares), with a further limitation of 5% in any ten-year period for executive plans. The Committee monitors the position and prior to the making of any award considers the effect of potential vesting of options or share awards to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. No treasury shares were held or utilised in the year ended 31 December 2018.

ANNUAL REPORT ON REMUNERATION cont.

Review of performance

The following graph shows the Company's total shareholder return (TSR) performance over the past ten years; the Company's TSR is compared with a broad equity market index. The index chosen here is the FTSE 250, which is considered the most appropriate published index.



The Remuneration Committee believes that the new remuneration policy and the supporting reward structure provide a clear alignment with the strategic objectives and performance of the Company. To maintain this relationship, the Remuneration Committee constantly reviews the business priorities and the environment in which the Company operates. The table below shows the total remuneration of Mor Weizer over the last ten years and his achieved annual variable and long-term incentive pay awards as a percentage of the plan maxima.

	Year ending 31 December									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Total remuneration (€'000)	636	826	808	800	1,381	1,740	2,449	2,346	4,192	3,292
Annual bonus (%)	54%	48%	34%	150%	150%	200%	175%	200%	186%	50%
LTIP vesting (%)	–	–	–	–	–	–	–	–	70%	22%

Percentage change in remuneration of Chief Executive Officer

In the financial year ended 31 December 2018, Mr Weizer's salary wasn't increased. He was awarded an exceptional bonus of 50% of salary compared with 186% of salary in the year ended 31 December 2017. On a value basis the increase was 19%, which reflects the 67% increase in salary awarded on mid-year 2017 and also in part reflected movements in exchange rates. The average percentage changes for all UK-based full-time employees were a 2% increase and a 194% increase in salary and benefits respectively, mainly due to the annual salary review process and the fact that healthcare is considered a benefit in 2018 while it was part of the salaries in 2017, and 12% decrease in bonus payments. The UK workforce was chosen as a comparator group as the Remuneration Committee looks to benchmark the remuneration of the Chief Executive Officer with reference mainly to the UK market (albeit that he has a global role and responsibilities, and remuneration packages across the Group vary widely depending on local market practices and conditions).

Relative importance of spend on pay

The following table sets out the amounts paid in share buybacks, dividends, and total remuneration paid to all employees:

Payouts (€m)	**2018 €m**	2017 €m	Change %
Dividends[1]	75.9	113.2	-33%
Share buybacks	–	–	N/A
Total employee remuneration[2]	302.8	279.6	8.2%

1 The total dividend in respect of the year ended 31 December 2018 is calculated on the basis that the shareholders approve the proposed final dividend of 12.0. €cents per share.
2 Total employee remuneration for continuing and discontinued operations includes wages and salaries, social security costs, share-based payments and pension costs for all employees, including the Directors. The average number of employees, including Executive Directors and part-time employees in continuing and discontinued operations, was 5,303 during the financial year to 31 December 2018.

Directors' interests in ordinary shares (Audited)

	Ordinary shares		Share awards and share options		**Total interests at 31 December**
Director	**2018**	2017	**2018**	2017	**2018**
Executive Directors[1,2,3,4]					
Mor Weizer	91,000	36,000	389,796	420,908	480,796
Andrew Smith	17,500	2,500	77,046	77,046	94,546
Non-executive Directors					
Alan Jackson	25,000	15,000	–	–	25,000
Andrew Thomas	10,000	7,500	–	–	10,000
John Jackson	–	–	–	–	–
Claire Milne	–	–	–	–	–
Susan Ball	7,360	–	–	–	7,360
Ian Penrose	17,500	–	–	–	17,500

1 Mor Weizer and Andrew Smith currently hold shares to the value of 35% and 17% of salary (based on salaries as of 31 December 2018 respectively and based on the closing share price on 31 December 2018). The Committee will continue to monitor progress towards the share ownership guidelines of 200% of salary.
2 Share options are granted for Nil consideration.
3 These options were granted in accordance with the rules of the Playtech Long Term Incentive Plan 2012 (the "Option Plan"). Options under the Option Plan are granted as Nil cost options and in the case of Executive Directors exclusively, the options vest and become exercisable on the third anniversary of the notional grant date. Unexercised options expire ten years after the date of grant, unless the relevant employee leaves the Group's employment, in which case the unvested options lapse and any vested options lapse three months after the date that the employment ends.
4 Mr Weizer received an award in 2015 over 103,708 shares. Performance conditions were based over the three years 2015, 2016 and 2017 with normal vesting scheduled for 1 March 2018. As disclosed in last year's report, 30% (31,112 shares) of the award did not meet the performance conditions and lapsed.

ANNUAL REPORT ON REMUNERATION cont.

Role and membership

The Remuneration Committee is currently comprised entirely of five independent Non-executive Directors as defined in the Code. John Jackson resigned as Chairman on 1 November 2018 and stepped down as a member of the Committee on 21 November 2018. Ian Penrose was appointed as a member of the Committee on 1 September 2018 and as Chairman on 1 November 2018. The other members are Andrew Thomas, Alan Jackson, Claire Milne and Susan Ball.

Details of attendance at the Remuneration Committee meetings are set out on page 90 and their biographies and experience on pages 86 to 87.

The Committee operates within agreed terms of reference detailing its authority and responsibilities. The Committee's terms of reference are available for inspection on the Company's website www.playtech.com and include:

- Determining and agreeing the policy for the remuneration of the CEO, CFO, the Chairman and other members of the senior management team
- Review of the broad policy framework for remuneration to ensure it remains appropriate and relevant
- Review of the design of and determine targets for any performance-related pay and the annual level of payments under such plans
- Review of the design of and approve any changes to long-term incentive or option plans
- Ensuring that contractual terms on termination and payments made are fair to the individual and the Company and that failure is not rewarded

The Remuneration Committee also considers the terms and conditions of employment and overall remuneration of Executive Directors, the Company Secretary and members of the senior management team and has regard to the Company's overall approach to the remuneration of all employees. Within this context the Committee determines the overall level of salaries, incentive payments and performance related pay due to Executive Directors and senior management. The Committee also determines the performance targets and the extent of their achievement for both annual and long-term incentive awards operated by the Company and affecting the senior management. No Director is involved in any decisions as to his/her own remuneration.

The Remuneration Committee takes advice from both inside and outside the Group on a range of matters, including the scale and composition of the total remuneration package payable to people with similar responsibilities, skills and experience in comparable companies that have extensive operations inside and outside the UK.

During the year the Remuneration Committee received material assistance and advice from the Company Secretary (who is also secretary to the Committee).

The Remuneration Committee has a planned schedule of at least four meetings throughout the year, with additional meetings and calls held when necessary. During 2018, the Committee met in person seven times and these meetings, together with a number of conference calls, addressed a wide variety of issues, including:

Month	Principal activity
January	Review of bonus and other incentivisation arrangements in relation to Executive Directors and certain members of senior management
February	Finalise bonus payments for Executive Directors
March	Review of remuneration policy for Non-executive Directors
April	Review of Executive Directors' remuneration Review of performance share plan
July	Approval of grant of Nil cost options for a limited number of Group personnel Review of AGM voting results
October	Review of bonus and LTIP arrangements for Executive Directors
November	Review of Executive Directors' remuneration

External advisers

Korn Ferry is the Committee's independent adviser. Korn Ferry does not provide any other services to the Company. Korn Ferry was paid €57,872 in relation to advice provided during 2018.

Engagement with shareholders and shareholder voting

The Remuneration Committee is committed to ensuring open dialogue with shareholders in relation to remuneration. In advance of the AGM in May 2018, the Company conducted an in-depth shareholder engagement programme in order to better understand shareholders' opinions on both the overall scope of the remuneration policy and its implementation.

The voting outcome at the AGM held on 16 May 2018 in respect of the Directors' Remuneration Report for the year ended 31 December 2017 was as follows:

	For	Against	Withheld
Approval of Remuneration Report	93,840,469 (40.62%)	137,203,120 (59.38%)	1,773,241

The Company has considered carefully the reasons for the voting result at the AGM. As explained in the Annual Statement from the Chairman of the Remuneration Committee, the issues raised by shareholders have been taken into account in the development of a new remuneration policy and the decisions we have taken regarding the implementation of the policy for 2019. In addition, the composition of the Remuneration Committee was refreshed during the year and now includes Ian Penrose as Committee Chairman and Susan Ball as an additional Committee member.

The table below shows the voting outcome at the general meeting held on 17 May 2017 in respect of the Directors' Remuneration Policy:

	For	Against	Withheld
Approval of Remuneration Policy	189,349,986 (83.89%)	36,346,573 (16.11%)	706,475

By order of the Board

Ian Penrose
Chair of the Remuneration Committee

20 February 2019

DIRECTORS' REPORT

The Directors are pleased to present to shareholders their report and the audited financial statements for the year ended 31 December 2018.

The Directors' Report should be read in conjunction with the other sections of this Annual Report: the Strategic Report, Corporate Responsibility Report and the Remuneration Report, all of which are incorporated into this Directors' Report by reference.

The following also form part of this report:

- The reports on corporate governance set out on pages 84 to 111
- Information relating to financial instruments, as provided in the Notes to the financial statements
- Related party transactions as set out in Note 31 to the financial statements

Annual Report and Accounts

The Directors are aware of their responsibilities in respect of the Annual Report. The Directors consider that the Annual Report, 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. The Statement of Directors' Responsibilities appears on page 118.

Principal activities and business review

The Group's principal activities are the development and licensing of software and the provision of ancillary services for the online and land-based gambling industries and, through its expanding financial division, provides an online trading platform to retail customers as well as providing retail brokers with multi-asset execution, prime brokerage services, liquidity and complementary management tools. During 2018 we acquired Snaitech, one of the leading operators in the Italian gaming and betting market with a broad portfolio of concessions. Playtech plc is a public listed company, with a premium listing on the Main Market of the London Stock Exchange. It is incorporated and domiciled in the Isle of Man.

The information that fulfils the requirement for a management report as required by Rule 4.1.5 of the Disclosure Guidance and Transparency Rules applicable to the Group can be found in the Strategic Report on pages 1 to 81 which also includes an analysis, the development, performance and position of the Group's business. A statement of the key risks and uncertainties facing the business of the Group at the end of the year is found on pages 68 to 71 of this Annual Report and details of the policies and the use of financial instruments is set out in Note 2 to the financial statements.

Directors and Directors' indemnity

The Directors of the Company who held office during 2018 and to date are:

	Appointed	Resigned
Alan Jackson	28.03.2006	–
Mor Weizer	02.05.2007	–
Andrew Thomas	19.06.2012	–
Andrew Smith	10.01.2017	–
Paul Hewitt	27.08.2015	01.08.2018
John Jackson	01.01.2016	–
Claire Milne	08.07.2016	–
Susan Ball	01.08.2018	–
Ian Penrose	01.09.2018	–

With the exception of Andrew Thomas, who has informed the Board that he does not intend to seek re-election at the forthcoming AGM, all of the current Directors will stand for re-election at the forthcoming Annual General Meeting.

Save as set out in Note 31 to the financial statements, no Director had a material interest in any significant contract, other than a service contract or contract for services, with the Company or any of its operating companies at any time during the year.

As at the date of this report, an indemnity is in place under which the Company has agreed to indemnify Alan Jackson, who held office during the year ended 31 December 2018, to the extent permitted by law and by the Company's articles of association, in respect of all liabilities incurred in connection with the performance of his duties as a Director of the Company or its subsidiaries. A copy of the indemnity is available for review at the Company's registered office. The Company also purchased, and maintained throughout 2018, Directors' and Officers' Liability Insurance in respect of itself and its Directors.

Corporate governance statement

The Disclosure Guidance and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Governance Report on pages 84 to 111 and is incorporated into this report by reference.

Disclaimer

The purpose of these financial statements (including this report) is to provide information to the members of the Company. The financial statements have been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors and employees, agents and advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

The financial statements contain certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of these financial statements and the Company undertakes no obligation to update these forward-looking statements. Nothing in this document should be construed as a profit forecast.

Results and dividend

The results of the Group for the year ended 31 December 2018 are set out on pages 122 to 178. On 19 February 2019, the Board recommended the payment of a final dividend for the year ended 31 December 2018 of 12.0 €cents per share which will be paid to shareholders on the register as at 3 May 2019. The payment of the final dividend requires shareholder approval, which will be sought at the Company's Annual General Meeting to be held at the Sefton Hotel, Douglas, Isle of Man on 15 May 2019. If approved, the final dividend will be paid on 31 May 2019 and together with the interim dividend of 12.1 €cents per share paid on 23 October 2018 makes a total dividend (expressed in €) of 24.1 €cents per share for the year.

Shareholders who wish to receive their final dividend in Sterling rather than Euros will be required to return currency election forms to the Company's registrars by 10 May 2019. Currency election forms are contained with the notice of Annual General Meeting that accompanies the Annual Report and further copies are available from the Company's website www.playtech.com.

Going concern, viability, responsibilities and disclosure

The current activities of the Group and those factors likely to affect its future development, together with a description of its financial position, are described in the Strategic Report. Principal risks and uncertainties affecting the Group, and the steps taken to mitigate these risks, are described on pages 68 to 71. Critical accounting estimates affecting the carrying values of assets and liabilities of the Group are discussed in Note 3 to the financial statements.

During 2018, the Board carried out a robust assessment of the principal risks facing the Group, including those factors that would threaten its future performance, solvency or liquidity. This ongoing assessment forms part of the Group's three-year strategic plan.

After making appropriate enquiries and having regard to the Group's cash balances and normal business planning and control procedures, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence and meet their liabilities for a period of at least 12 months from the date of approval of the financial statements. As part of this assessment, the Directors reviewed a three-year forecast considering the going concern status for the period to December 2021 in accordance with the Company's three-year plan, which is considered to be an appropriate period over which the Group can predict its revenue, cost base and cash flows with a higher degree of certainty, as opposed to more arbitrary forms of forecasts based solely on percentage increases. Notwithstanding, due to the significant cash reserves and projected profitability over the forecast period, the Directors have no reason to believe that the Group's viability will be threatened over a period longer than that covered by the positive confirmation of long-term viability above. Given the above, the Directors continue to adopt the going concern basis in preparing the accounts.

Significant shareholdings

As of 31 January 2019, the Company had been advised of the following significant shareholders each holding more than 3% of the Company's issued share capital, based on 317,344,603 ordinary shares in issue:

Shareholder	%	No. of ordinary shares
T Rowe Price International	9.87	31,307,008
Setanta Asset Management	5.10	16,193,645
Boussard & Gavaudan Asset Management	4.90	15,556,588
BlackRock	4.70	14,900,791
Fidelity Management & Research	3.70	11,734,952
Vanguard Group	3.17	10,061,275

The persons set out in the table above have notified the Company pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules of their interests in the ordinary share capital of the Company.

The Company has not been notified of any changes to the above shareholders between 31 January 2019 and the date of this report.

DIRECTORS' REPORT cont.

Capital structure

As at 31 January 2019, the Company had 317,344,603 issued shares of no par value. The Company has one class of ordinary share and each share carries the right to one vote at general meetings of the Company and to participate in any dividends declared in accordance with the articles of association. No person has any special rights of control over the Company's share capital.

The authorities under the Company's articles of association granted at the last Annual General Meeting for the Directors to issue new shares for cash and purchase its own shares remain valid until the forthcoming Annual General Meeting when it is intended that resolutions will be put forward to shareholders to renew the authority for the Company to issue shares for cash and purchase its own shares.

Articles of association

The Company's articles of association do not contain any specific restrictions on the size of a shareholder's holding.

Voting rights

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the articles of association, on a show of hands every member who is present in person or by proxy and entitled to vote has one vote and on a poll every member who is present in person or by proxy and entitled to vote has one vote for every share of which he is the holder.

Restrictions on voting

No member shall, unless the Board otherwise determines, be entitled to vote at a general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him or to exercise any right as a member unless all calls or other sums presently payable by him in respect of that share have been paid to the Company. In addition, any member who having been served with a notice by the Company requiring such member to disclose to the Board in writing within such reasonable period as may be specified in such notice, details of any past or present beneficial interest of any third party in the shares or any other interest of any kind whatsoever which a third party may have in the shares and the identity of the third party having or having had any such interest, fails to do so may be disenfranchised by service of a notice by the Board.

Transfer

Subject to the articles of association, any member may transfer all or any of his or her certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The Board may, in its absolute discretion, decline to register any instrument of transfer of a certificated share which is not a fully paid share or on which the Company has a lien. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer is: (i) delivered for registration to the registered agent, or at such other place as the Board may decide, for registration; and (ii) accompanied by the certificate for the shares to be transferred except in the case of a transfer where a certificate has not been required to be issued by the certificate for the shares to which it relates and/or such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transferor, if the transfer is executed by some other person on his behalf, the authority of that person to do so, provided that where any such shares are admitted to AIM, the Official List maintained by the UK Listing Authority or another recognised investment exchange.

Amendment of the Company's articles of association

Any amendments to the Company's articles of association may be made in accordance with the provisions of the Isle of Man Companies Act 2006 by way of special resolution.

Appointment and removal of Directors

Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two and there shall be no maximum number of Directors.

Powers of Directors

Subject to the provisions of the Isle of Man Companies Act 2006, the memorandum and articles of association of the Company and to any directions given by special resolution, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company.

Appointment of Directors

Subject to the articles of association, the Company may by ordinary resolution, appoint a person who is willing to act to be a Director, either to fill a vacancy, or as an addition to the existing Board, and may also determine the rotation in which any Directors are to retire. Without prejudice to the power of the Company to appoint any person to be a Director pursuant to the articles of association, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with the articles of association. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at that meeting.

Retirement of Directors

At each Annual General Meeting one-third of the Directors (excluding any Director who has been appointed by the Board since the previous Annual General Meeting) or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office (but so that if there are fewer than three Directors who are subject to retirement by rotation under this Article one shall retire).

Removal of Directors

The Company may by ordinary resolution passed at a meeting called for such purpose or by written resolution consented to by members holding at least 75% of the voting rights in relation thereto, remove any Director before the expiration of his period of office notwithstanding anything in the articles of association or in any agreement between the Company and such Director and, without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, may (subject to the articles) by ordinary resolution, appoint another person who is willing to act as a Director in his place. A Director may also be removed from office by the service on him of a notice to that effect signed by all the other Directors.

Significant agreements

There are no agreements or arrangements to which the Company is a party that are affected by a change in control of the Company following a takeover bid, and which are considered individually significant in terms of their impact on the business of the Group as a whole.

The rules of certain of the Company's incentive plans include provisions which apply in the event of a takeover or reconstruction.

Related party transactions

Details of all related party transactions are set out in Note 31 to the financial statements. Internal controls are in place to ensure that any related party transactions involving Directors or their connected persons are carried out on an arm's length basis and are disclosed in the financial statements.

Political and charitable donations

During the year ended 31 December 2018, the Group made charitable donations of €584,000 (2017: €406,911), primarily to charities that fund research into, and for the treatment of, problem gambling but also to a variety of charities operating in countries in which the Company's subsidiaries are based.

The Group made no political donations during this period (2017: Nil).

Sustainability and employees

Information with respect to the Group's impact on the environment and other matters concerning sustainability can be found on pages 72 to 81. Applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitude and ability of the applicant concerned. The Group places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on the performance of the Group and has run information days for employees in different locations across the Group during the year. Some employees are stakeholders in the Company through participation in share option plans. Information provided by the Company pursuant to the Disclosure Guidance and Transparency Rules is publicly available via the regulatory information services and the Company's website, www.playtech.com.

Branches

The Company's subsidiaries Playtech Retail Limited and PT Turnkey Services Limited have established branch offices in the Philippines. PT Turnkey Services Limited and Playtech Software have established branches in Gibraltar.

Regulatory disclosures

The information in the following tables is provided in compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules (DTRs).

The DTRs also require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Governance Report on pages 84 to 111 and is incorporated into this Directors' Report by reference.

DIRECTORS' REPORT cont.

Disclosure table pursuant to Listing Rule 9.8.4C

Listing Rule	Information included	Disclosure
9.8.4(1)	Interest capitalised by the Group	None
9.8.4(2)	Unaudited financial information	None
9.8.4(4)	Long-term incentive scheme only involving a Director	None
9.8.4(5)	Directors' waivers of emoluments	None
9.8.4(6)	Directors' waivers of future emoluments	None
9.8.4(7)	Non pro-rata allotments for cash	None
9.8.4(8)	Non pro-rata allotments for cash by major subsidiaries	None
9.8.4(9)	Listed company is a subsidiary of another	N/A
9.8.4(10)	Contracts of significance	None
9.8.4(11)	Contracts of significance involving a controlling shareholder	None
9.8.4(12)	Waivers of dividends	None
9.8.4(12)	Waivers of future dividends	None
9.8.4(14)	Agreement with a controlling shareholder	None

Additional information provided pursuant to Listing Rule 9.8.6

Listing Rule	Information included	Disclosure
9.8.6(1)	Interests of Directors (and their connected persons) in the shares of the Company at the year end and not more than one month prior to the date of the notice of AGM	See page 109
9.8.6(2)	Interests in Playtech shares disclosed under DTR5 at the year end and not more than one month prior to the date of the notice of AGM	See page 113
9.8.6(3)	The going concern statement	See page 113
9.8.6(4)(a)	Amount of the authority to purchase own shares available at the year end	31,734,460 ordinary shares which authority will expire at the AGM and is proposed to be renewed
9.8.6(4)(b)	Off market purchases of own shares during the year	None
9.8.6(4)(c)	Off market purchases of own shares after the year end	None
9.8.6(4)(d)	Non pro-rata sales of treasury shares during the year	None
9.8.6(5)	Compliance with the main principles of the UK Corporate Governance Code	See the statement on page 88
9.8.6(6)	Details of non-compliance with the UK Corporate Governance Code	Not applicable
9.8.6(7)	Re Directors proposed for re-election: the unexpired term of their service contract and a statement about Directors without a service contract	The Chairman and the Non-executive Directors serve under letters of appointment described on page 103

Additional information under Rule 4.1 of the Disclosure and Transparency Rules

DTR	Requirement	How fulfilled
4.1.3	Publication of Annual Financial Report within four months of the end of the financial year	This document is dated 20 February 2019, being a date less than four months after the year end
4.1.5	Content of Annual Financial Report	The audited financial statements are set out on page 122 to page 177 The information that fulfils the requirement for a management report can be found in the Strategic Report on pages 1 to 81 The Statement of Directors' Responsibilities can be found on page 118
4.1.6	Audited financial statements	The audited financial statements set out on page 122 to page 177 comprise consolidated accounts prepared in accordance with IFRS and the accounts of the Company
4.1.7	Auditing of financial statements	The financial statements have been audited by BDO LLP
4.1.8 & 4.1.9	Content of management report	The Strategic Report on pages 1 to 81 includes an analysis, using financial key performance indicators, of the development, performance and position of the Company's business, a review of the Company's business and on pages 68 to 71 a description of the principal risks and uncertainties
4.1.11(1)	Important events since the year end	The Strategic Report on pages 1 to 81 gives details of important events since the year end
4.1.11(2)	Future development	The Strategic Report on pages 1 to 81 gives an indication of the likely future development of the Company
4.1.11(3)	Research & development	The Strategic Report on pages 1 to 81 gives an indication of ongoing research and development activities
4.1.11(4)	Purchase of own shares	See disclosure pursuant to LR9.8.6(4) above
4.1.11(5)	Branch offices	See the statement on page 115
4.1.11(6)	Use of financial instruments	See Note 2 to the audited financial statements on pages 134 to 143
4.1.12 & 13	Responsibility statement	See the statement of the Directors on page 118

DIRECTORS' REPORT cont.

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
- 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.

Website publication

Financial statements are published on the Company's website. 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.

Directors' responsibilities pursuant to DTR4

Each of the Directors, whose names and functions are listed within the Governance section on pages 84 to 111 confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- 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

Annual General Meeting

The Annual General Meeting in 2018 was held in May in Douglas, Isle of Man. All Directors were present and made themselves available to answer questions from shareholders. The Annual General Meeting provides an opportunity for the Directors to communicate personally the performance and future strategy to non-institutional shareholders and for those shareholders to meet with and question the Board. All Directors plan to be present at the 2019 Annual General Meeting. All results of proxy votes are read out, made available for review at the meeting, recorded in the minutes of the meeting and communicated to the market and via the Group website.

The Annual General Meeting for 2019 will be held at the Sefton Hotel, Douglas, Isle of Man, IM1 2RW on Wednesday 15 May 2019 at 10.00 am. The notice convening the Annual General Meeting for this year, and an explanation of the items of non-routine business, are set out in the circular that accompanies the Annual Report.

Auditors

So far as each Director is aware, at the date of the approval of the financial statements there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information.

A resolution to reappoint BDO LLP as the Company's auditors will be submitted to the shareholders at this year's AGM.

Approved by the Board and signed on behalf of the Board

Andrew Smith
Chief Financial Officer

20 February 2019

FINANCIAL STATEMENTS

SIGNIFICANT PROGRESS

The financial statements provide an analysis of our financial results and full audited accounts for the 2018 financial year.

INDEPENDENT AUDITOR'S REPORT
To the members of Playtech Plc

Opinion

We have audited the financial statements of Playtech Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable by law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Isle of Man Companies Act 2006.

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 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Isle of Man Companies Act 2006.

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 UK, 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.

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 68 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 113 in 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 113 in 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; or
- the directors' explanation set out on page 113 in 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 which 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.

Revenue recognition (with reference to Note 2)	
Key audit matter The Group has a number of revenue streams. The details of the accounting policies applied during the period are given in note 2 to the financial statements. Management make certain judgements around revenue recognition and the treatment of contractual arrangements for revenue streams entered into by both the Gaming and Financials divisions. There is a potential risk that revenue is recorded incorrectly from a timing perspective, that it is inappropriately recognised on a gross versus net basis and that the fair value of open bets and trading positions are not appropriately recorded. This is the first period of adoption for IFRS 15 – Revenue from contracts with customers. Management have prepared an analysis of the impact of the new standard and considered revenues on a product by product basis. There is risk that management have not identified or accounted for all changes required as a result of IFRS 15.	**Our response** We assessed the design and implementation of the controls over the Group's revenue cycles. We assessed whether the revenue recognition policies adopted by the Group comply with IFRS, as adopted by the EU, and Industry standard, including critically challenging the areas of impact in respect of the adoption of IFRS 15 based on our knowledge of the revenue streams of the Group and analysis provided. We focussed on revenue arising in Snaitech (Gaming B2C segment) in the year given this new revenue stream and significant operation. No differences were found between local and group policies in respect of revenue recognition. As noted within the analysis of the components of the group audit, following the mid-year acquisition, Snaitech has been audited by a non-BDO member firm for the 2018 year end. Revenue of Snaitech has been audited primarily through testing the effectiveness of the relevant key controls. As group auditor we have directed the scope and approach of this testing and reviewed the work performed. We tested other Group revenue through substantive procedures. Our work included the use of IT audit data analytic techniques to underpin our substantive testing of the revenue recognised by both the Gaming and Financials Divisions. We also reviewed a sample of key contracts entered into during the year to assess whether the revenue had been recognised in accordance with the Group's accounting policy, appropriately from a timing perspective and whether any other terms within the contract had any material accounting or disclosure implications.

Impairment of Goodwill, capitalised development costs and other intangibles (with reference to Note 12)	
Key audit matter In accordance with IAS 36, the Group monitors the carrying value of goodwill and other intangibles for indications of impairment. The Group performs annual impairment reviews for all cash generating units (CGU) and for capitalised development costs relating to projects not launched as at the year end. Impairment reviews require significant judgement from management and are inherently based on assumptions in respect of future profitability. IAS 36 also requires management to test intangible assets not yet available for use (such as projects in development) for impairment. If the carrying value of these assets exceeds their recoverable amount there is a risk of material misstatement in the carrying value of these assets.	**Our response** We reviewed management's CGU analysis for the year end and critically challenged the allocation by CGU with management based on our knowledge and understanding of the Group. We considered the allocation of business acquisitions to existing CGUs, and the creation of new CGUs. We confirmed there were no changes to existing CGU allocations in the year. The audit team, which includes valuation specialists, challenged the appropriateness of the key assumptions used in the discounted cash flow models prepared by management and applied sensitivities to assess the potential impairment of goodwill and those assets where indications of impairment were present. Our work was principally based on our assessment of the historical accuracy of the Group's estimates in previous periods, our understanding of the commercial prospects of the assets, identification and analysis of changes in assumptions from prior periods and an assessment of the consistency of assumptions across the impairment reviews. In respect of capitalised development costs, we selected a sample of projects not yet launched at the balance sheet date and confirmed that there remains a future intent to launch, based on the expectations of the developer team and forecast launch date. Further to this we reviewed the results of management's impairment review of these assets on a portfolio basis, including the consideration of the contribution the portfolio generated in the year. We considered the appropriateness of the related disclosure provided in the Group financial statements.

INDEPENDENT AUDITOR'S REPORT cont.

Compliance risk – Legal, regulatory and taxation (with reference to Notes 3 and 31)	
Key audit matter The Group has compliance obligations that range from administration of their licences to assessing the impact of changes in country-specific and pan-regional rules and regulations on its businesses. The nature of the e-commerce business and operational structure of the Playtech Group requires Management judgement with regard to the assessment and interpretation of domestic and international tax laws. The taxation of e-commerce is still an evolving matter for tax authorities. As part of the acquisition of Snaitech, the Group have inherited a number of historical legal matters (see note 23). Management considered whether any provisions or disclosures are required under IFRS for outstanding legal and regulatory disputes based on Management's best estimate of where there is a probable outflow of economic benefits. Where the Group does not consider the likelihood of a provision being probable, the Group will disclose the existence of a contingent liability (unless that likelihood of occurrence is considered to be remote when no disclosure is required). Given the continual changes in the regulatory environment of the gambling and financial trading sectors in many countries across the world, there is a risk that potential material legal, regulatory or taxation matters are not disclosed or provided for.	**Our response** We considered how the Group monitors legal and regulatory developments and their assessment of the potential impact on the business. We discussed with Management how they manage, control and operate Group companies in the countries in which they are registered. This included how the Group manages its tax strategy as part of the overall business planning and how the Group monitors the rules and practices governing the taxation of e-commerce activity that is evolving in many countries. We discussed with the Group's Compliance and Legal teams whether there were any known instances of material breaches in regulatory and licence compliance that required disclosure or required provisions to be made in the financial statements and we considered the level of provisions recorded. We discussed the assertions of the Group's Legal team with the Group's principal external legal advisor, with no material issues arising. As part of the audit team, we involved tax specialists who reviewed and evaluated the risks in the jurisdictions in which Playtech has a significant physical presence. As part of this process we liaised with the local audit teams and tax specialists in those jurisdictions to assess the provisioning for current and deferred taxes. We reviewed disclosures prepared by the Group in respect of judgements and estimates, provisions and contingent liabilities.

Business combinations (with reference to Notes 26 and 27)	
Key audit matter The Group completed the following principal acquisitions in the year: ▸ Snaitech Management are required to make significant judgements in assessing the fair values of consideration including contingent consideration (whether arising on acquisitions made in the current year or previous years) and of the assets and liabilities acquired. Management have engaged external valuations experts to undertake the purchase price allocation exercise required. In respect of acquisitions in previous years' significant contingent consideration has been included within the consideration payable. The fair value of contingent consideration is reassessed at each reporting date.	**Our response** In conjunction with our internal valuation specialists, we considered and challenged the assumptions underpinning the significant judgements and estimates used by Management and Management's experts in the assessment of the fair values of the assets and liabilities acquired and consideration paid. This challenge included the completeness of intangibles identified. We reviewed and evaluated the property valuations prepared as part of the acquisition of Snaitech, including discussions directly with Management's experts. We challenged management's assessment of the fair value of contingent consideration in respect of acquisitions made in the current year and previous periods, including principally the level of expected profitability.

Changes in key audit matters from the prior year audit
There have been no changes to the key audit matters identified as part of our audit when compared to the prior year report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Level of materiality applied and rationale

We considered Adjusted Profit Before Tax to be the most appropriate performance measure for the basis of materiality in respect of the audit of the Group as this measure reflects the Group's profitability excluding the impact of certain non-recurring items.

Adjusted Profit Before Tax is calculated for this purpose as Profit Before Tax (€183.4m) adjusted for the following items: gain on sale of equity investments (€65.6m); one off professional and finance costs on the acquisition of Snaitech S.p.A (€20.3m). Using this benchmark, we set materiality at €6.9m (2017: €8.5m) being 5% of Adjusted Profit Before Tax (2017: 5% of Adjusted Profit Before Tax). Our materiality level was reduced from the previous year as a result of the reduction in Profit Before Tax.

Materiality in respect of the audit of the Parent Company was set at €1.7m (2017: €4.3m) using a benchmark of 2% of total assets, limited to 25% of Group materiality (2016: 2% of total assets, limited to 50% of Group materiality). We considered total assets to be the most appropriate measure for the basis of materiality as the Parent Company is primarily an investment holding company.

Performance materiality was set at 70% of materiality for both the Group and Parent Company audits. In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors), the control environment, and Management's attitude towards proposed adjustments.

Component materiality

We set materiality for each component of the Group based on a percentage of materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from €1.4m to €3.9m.

Agreement with the Audit Committee

We agreed with the Audit Committee that we would report to the Committee all audit differences individually in excess of €250k (2016:€340k). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements at the Group level.

In determining the scope of our audit we considered the level of work to be performed at each component in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements of the Group as a whole.

We tailored the extent of the work to be performed at each component, either by us, as the Group audit team, component auditors within the BDO network or non-BDO member firms based on our assessment of the risk of material misstatement at each component.

We have obtained an understanding of the entity-level controls of the Group as a whole which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy.

We consider that the audit procedures we planned and performed in accordance with ISAs (UK) have provided us with reasonable assurance that irregularities, including fraud, would have been detected to the extent that they could have resulted in material misstatements in the financial statements. Our audit was not designed to identify misstatements or other irregularities that would not be considered to be material to the financial statements.

Classification of components

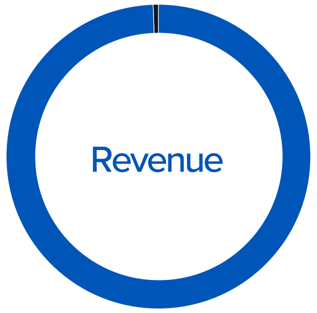
Of the 4 full scope components that are considered significant (defined as those that were greater than 15% of Adjusted Profit Before Tax, or where the risks of the component were significantly different to the Group risks), 3 were audited by the Group audit team and 1 by a component auditor outside the BDO network. The Group audit team attended key meetings, directed the scope and approach of the audit, and performed a detailed review of the audit files.

For the 18 components not considered significant, the component auditors were asked to perform review procedures or specific scope procedures on certain balances based on their relative size, risks in the business and our knowledge of those entities appropriate to respond to the risk of material misstatement.

Review and specific scope procedures were performed by the Group audit team or BDO network firms on 17 reporting components and by 1 non-BDO member firms on a further 1 reporting components.

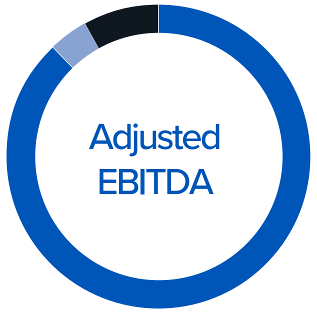
INDEPENDENT AUDITOR'S REPORT cont.

Summary audit scope



- Full audit: **97.1%**
- Specific procedures: **–**
- Group level procedures: **2.9%**

- Full audit: **94.1%**
- Specific procedures: **3.1%**
- Group level procedures: **2.8%**



- Full audit: **89.5%**
- Specific procedures: **7.8%**
- Group level procedures: **2.7%**

Based on the above scope we were able to conclude that sufficient and appropriate audit evidence had been obtained as a basis to form our opinion on the Group financial statements as a whole.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 112) – 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 page 94) – 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 page 113) – 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.

Directors' Remuneration Report

The parent company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the UK Companies Act 2006. The directors have requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the company were a UK Registered listed company. In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 112) the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 financial statements.

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

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ending 31 December 2018 and we note that a resolution to reappoint BDO LLP as the Company's auditors will be submitted to the shareholders at this year's AGM. The period of our total uninterrupted engagement as the Group's auditors is 14 years, covering the years ending 31 December 2005 to 31 December 2018.

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.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with section 80C of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Dominic Stammers
For and on behalf of BDO LLP

London, United Kingdom
20 February 2019

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Note	2018 Actual €'000	2018 Adjusted €'000*	2017 Actual €'000	2017 Adjusted €'000*
Revenue	5	1,240,443	1,240,443	807,120	807,120
Distribution costs before depreciation and amortisation		(796,494)	(791,480)	(412,943)	(405,651)
Administrative expenses before depreciation and amortisation		(156,105)	(105,914)	(117,088)	(79,373)
EBITDA		**287,844**	**343,049**	**277,089**	**322,096**
Depreciation, amortisation and impairment		(152,845)	(104,909)	(121,376)	(62,577)
Finance income	8a	46,610	36,374	145,307	18,927
Finance cost	8b	(59,549)	(40,371)	(34,207)	(23,973)
Share of profit from joint ventures	14a	180	180	464	464
Share of loss from associates	14b	(2,771)	(2,771)	(662)	(662)
Unrealised fair value changes on equity investments	15	(1,738)	–	–	–
Realised fair value changes on equity investments disposed	15	65,691	65,691	–	–
Profit before taxation		**183,422**	**297,243**	**266,615**	**254,275**
Tax expenses	9	(53,643)	(35,094)	(17,505)	(21,856)
Profit for the year		**129,779**	**262,149**	**249,110**	**232,419**
Other comprehensive income for the year:					
Items that may be classified to profit or loss:					
Equity instruments – net change in fair value	15	–	–	157,809	157,809
Exchange gains/(losses) arising on translation of foreign operations		19,348	19,348	(50,766)	(50,766)
Total items that may be classified to profit or loss		19,348	19,348	107,043	107,043
Items that will not be classified to profit or loss:					
Gain re-measurement of employee termination indemnities		56	56	–	–
Total items that will not be classified to profit or loss		56	56	–	–
Total comprehensive income for the year		**149,183**	**281,553**	**356,153**	**339,462**
Profit for the year attributable to:					
Owners of the parent		123,809	256,179	248,140	231,449
Non-controlling interest		5,970	5,970	970	970
		129,779	**262,149**	**249,110**	**232,419**
Total comprehensive income attributable to:					
Owners of the parent		144,412	276,782	356,914	340,223
Non-controlling interest		4,771	4,771	(761)	(761)
		149,183	**281,553**	**356,153**	**339,462**
Earnings per share for profit attributable to the owners of the parent during the year:					
Basic (cents)	10	39.3	81.3	78.9	73.6
Diluted (cents)	10	38.4	72.9	74.6	66.8

* Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions, finance costs on acquisitions, deferred tax on acquisitions, unrealised changes in fair value of equity investments recognised in the period, non-cash accrued bond interest and additional various non-cash charges. The Directors believe that the adjusted profit, which includes realised fair value changes recognised in the income statement in the period on equity investments disposed of in the period, represents more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 6.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Additional paid in capital €'000	Equity investment reserve €'000	Reserve for re-measure-ment of employee termination indemnities €'000	Retained earnings €'000	Employee benefit trust €'000	Convertible bond option reserve €'000	Put/call options reserve €'000	Foreign exchange reserve €'000	Total attributable to equity holders of parent €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 January 2018	627,764	103,217	–	649,537	(21,644)	45,392	(31,293)	(28,700)	1,344,273	14,179	1,358,452
Changes in equity for the year											
Total comprehensive income for the year	–	–	56	123,809	–	–	–	20,547	144,412	4,771	149,183
Transfer on adoption of IFRS 9	–	(103,217)	–	103,217	–	–	–	–	–	–	–
Dividend paid	–	–	–	(113,288)	–	–	–	–	(113,288)	–	(113,288)
Exercise of options	–	–	–	(4,246)	3,781	–	–	–	(465)	–	(465)
Employee stock option scheme	–	–	–	13,533	–	–	–	–	13,533	191	13,724
Purchase of non-controlling interest	–	–	–	(46,229)	–	–	473	–	(45,756)	(41,176)	(86,932)
Non-controlling interest acquired on business combination	–	–	–	–	–	–	–	–	–	29,832	29,832
Balance at 31 December 2018	**627,764**	**–**	**56**	**726,333**	**(17,863)**	**45,392**	**(30,820)**	**(8,153)**	**1,342,709**	**7,797**	**1,350,506**
Balance at 1 January 2017	627,764	(51,057)	–	498,864	(25,417)	45,392	(34,341)	16,800	1,078,005	21,714	1,099,719
Changes in equity for the year											
Total comprehensive income for the year	–	154,274	–	248,140	–	–	–	(45,500)	356,914	(761)	356,153
Dividend paid	–	–	–	(104,656)	–	–	–	–	(104,656)	–	(104,656)
Exercise of options	–	–	–	(3,411)	3,773	–	–	–	362	15	377
Employee stock option scheme	–	–	–	14,948	–	–	–	–	14,948	146	15,094
Acquisition of minority interest	–	–	–	(4,348)	–	–	3,300	–	(1,048)	(7,052)	(8,100)
Non-controlling interest acquired on business combination	–	–	–	–	–	–	(252)	–	(252)	117	(135)
Balance at 31 December 2017	**627,764**	**103,217**	**–**	**649,537**	**(21,644)**	**45,392**	**(31,293)**	**(28,700)**	**1,344,273**	**14,179**	**1,358,452**

CONSOLIDATED BALANCE SHEET
As at 31 December 2018

	Note	2018 €'000	2017 €'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	410,088	80,016
Intangible assets	13	1,644,133	1,051,232
Investments in equity accounted associates & joint ventures	14	29,641	37,216
Equity investments	15	1,400	381,346
Other non-current assets	16	15,942	19,993
		2,101,204	**1,569,803**
CURRENT ASSETS			
Trade receivables	17	209,854	107,165
Other receivables	18	160,473	93,322
Cash and cash equivalents	19	622,197	583,957
		992,524	**784,444**
TOTAL ASSETS		**3,093,728**	**2,354,247**
EQUITY			
Additional paid in capital	20	627,764	627,764
Equity investment reserve		–	103,217
Reserve for re-measurement of employee termination indemnities		56	–
Employee Benefit Trust	20	(17,863)	(21,644)
Convertible bonds option reserve	22	45,392	45,392
Put/call options reserve		(30,820)	(31,293)
Foreign exchange reserve		(8,153)	(28,700)
Retained earnings		726,333	649,537
Equity attributable to equity holders of the parent		**1,342,709**	**1,344,273**
Non-controlling interest		**7,797**	**14,179**
TOTAL EQUITY		**1,350,506**	**1,358,452**
NON-CURRENT LIABILITIES			
Loans and borrowings	21	206	–
Bonds	22	523,706	276,464
Deferred revenues		3,742	2,457
Deferred tax liability	26	73,392	31,283
Contingent consideration and redemption liability	24	110,523	137,080
Other payables	27	14,081	474
		725,650	**447,758**
CURRENT LIABILITIES			
Loans and borrowings	21	489	200,000
Convertible bond	22	287,149	–
Trade payables	25	73,585	61,969
Progressive operators' jackpots and security deposits		88,601	62,675
Client deposits		116,656	71,628
Client funds		104,200	37,074
Corporate, gaming and other taxes payable	28	144,905	18,421
Deferred revenues		3,875	5,414
Contingent consideration and redemption liability	24	48,316	20,592
Provisions for risks and charges	23	12,095	–
Other payables	27	137,701	70,264
		1,017,572	**548,037**
TOTAL EQUITY AND LIABILITIES		**3,093,728**	**2,354,247**

The financial information was approved by the Board and authorised for issue on 20 February 2019.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Note	2018 €'000	2017 €'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after tax		129,779	249,110
Adjustments to reconcile net income to net cash provided by operating activities (see below)		285,643	69,418
Income taxes paid		(28,290)	(11,876)
Net cash provided by operating activities		387,132	306,652
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans and deposits repaid/(advanced)		9,055	(5,064)
Acquisition of property, plant and equipment	12	(54,980)	(34,692)
Return on investment in joint ventures and associates	14a	1,027	1,400
Acquisition of intangible assets	13	(5,161)	(3,060)
Acquisition of subsidiaries		(362,753)	(48,276)
Cash of subsidiaries on acquisition		161,129	1,962
Capitalised development costs	13	(58,297)	(50,683)
Investment in equity-accounted associates	14b,14c	(1,830)	(8,067)
Proceeds from the sale of equity-accounted associates		3,969	–
Acquisition of equity investments	15	(37,890)	–
Proceeds from the sale of equity investments	15	447,194	–
Proceeds from sale of property, plant and equipment		788	64
Return on equity investments	8a	33,927	17,078
Acquisition of non-controlling interest	20	(86,932)	(10,827)
Net cash from/(used in) investing activities		49,246	(140,165)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the holders of the parent		(113,288)	(104,656)
Interest paid on bonds and bank borrowing		(22,137)	(3,401)
Exercise of options		(465)	377
Issue of bond loans, net of issue costs and repayment of bridge loans	22	523,417	–
Repayment of bond loans	22	(580,605)	–
Repayment of loans and borrowings		(200,481)	–
Net cash used in financing activities		(393,559)	(107,680)
INCREASE IN CASH AND CASH EQUIVALENTS		42,819	58,807
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		583,957	544,843
Exchange losses on cash and cash equivalents		(4,579)	(19,693)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**622,197**	**583,957**

CONSOLIDATED STATEMENT OF CASH FLOWS cont.
For the year ended 31 December 2018

	2018 €'000	2017 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	42,688	26,544
Amortisation	110,178	86,987
Impairment of intangible assets	–	7,845
Disposal of intangible asset	–	2,838
Share of profit from joint ventures	(180)	(464)
Share of loss from associates	2,771	662
Interest on bond loans	28,152	–
Non-cash transaction (see below)	(74,938)	725
Impairment of investment in associates and other non-current assets	10,990	14,887
Changes in fair value of equity investments	1,738	467
Non-cash accrued bond interest	10,685	10,234
Income tax expense	53,643	17,505
Employee stock option plan expenses	13,724	15,094
Movement in contingent consideration and redemption liability	(7,443)	(126,379)
Return on equity investments	(33,927)	(17,078)
Exchange losses on cash and cash equivalents	4,579	19,693
Other	72	721
Changes in operating assets and liabilities:		
Increase in trade receivables	(7,739)	(33,084)
Decrease/(increase) in other receivables	14,447	(13,608)
Increase in trade payables	18,217	33,637
Increase in progressive, operators' jackpot, security deposits	4,186	15,916
Increase in client funds and deposits	70,083	6,343
Increase in other payables	26,347	62
Decrease in provisions for risks and charges	(1,183)	–
Decrease in deferred revenues	(1,447)	(129)
	285,643	**69,418**

Acquisition of subsidiary

	Note	2018 €'000	2017 €'000
Acquisitions in the year			
A. Acquisition of Seabrize Marketing Limited	29a	20,000	–
B. Acquisition of Rarestone Gaming PTY Ltd	29b	3,435	–
C. Acquisition of Destres GmbH	29c	15,358	–
D. Acquisition of Snaitech SpA	28d	291,175	–
E. Acquisition of Piazza Hosting S.R.L.	29e	6,500	–
F. Other acquisitions	29f	13,122	–
Acquisitions in previous years			
A. Acquisition of Eyecon Limited	30a	–	27,735
B. Acquisition of ACM Group	30b	1,673	4,233
C. Acquisition of Playtech BGT Sports Limited		–	2,001
D. Acquisition of Consolidated Financial Holdings AS		–	336
E. Acquisition of ECM Systems Holdings Ltd		–	3,077
F. Other acquisitions		11,490	10,894
		362,753	**48,276**

Cash of subsidiaries on acquisition

	Note	2018 €'000	2017 €'000
Acquisitions in the year			
A. Acquisition of Seabrize Marketing Limited	29a	173	–
B. Acquisition of Rarestone Gaming PTY Ltd	29b	62	–
C. Acquisition of Destres GmbH	29c	2,538	–
D. Acquisition of Snaitech SpA	28d	154,947	–
E. Acquisition of Piazza Hosting S.R.L.	29e	395	–
F. Other acquisitions	29f	3,014	–
Acquisitions in previous years			
A. Acquisition of Eyecon Limited	30a	–	575
B. Acquisition of ACM Group	30b	–	–
C. Other acquisitions		–	1,387
		161,129	**1,962**

Non-cash transaction

	Note	2018 €'000	2017 €'000
Profit on disposal of equity-accounted associates		(897)	(725)
Profit on disposal of equity investments	15	(65,691)	–
Gain on early repayment of bond	22	(8,350)	–
		(74,938)	**(725)**

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General

Playtech plc (the 'Company') is a company domiciled in the Isle of Man
Playtech and its subsidiaries (the 'Group') develop unified software platforms for the online and land-based gambling industry, targeting online and land-based operators. Playtech's gaming applications – online casino, poker and other P2P games, bingo, mobile, live gaming, land-based kiosk networks, land-based terminal and fixed-odds games – are fully inter-compatible and can be freely incorporated as stand-alone applications, accessed and funded by the operators' players through the same user account and managed by the operator by means of a single, powerful management interface. Since June 2018, through the acquisition of Snaitech, Playtech directly owns and operates the leading sports betting and gaming brand in online and retail in Italy, Snai.

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

- B2C retail contracts for difference (CFD), through www.markets.com where the Group acts as the execution venue and the market-maker on a variety of instruments which fall under the general categories of foreign exchanges, commodities, equities and indices
- B2B clearing and execution services for other retail brokers and professional clients, through CFH, where the Group acts as a matched-principal liquidity provider and straight through processes (STPs) the trades to prime brokers and clearing houses such as BNP, Jeffries, UBS, Citi etc
- B2B clearing and execution for other retail brokers, where the Group acts as the execution venue and market-maker
- B2B technology and risk management services, where the Group provides platform, CRM, reporting and risk-management technology to the retail broker market

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

Basis of preparation

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing its financial statements. Despite the net current liability position at the year end and the potential repayment of the convertible bond in November 2019; the Group's corporate planning processes include completion of a strategic review, preparation of a three-year business plan and a rolling re-forecast of current year business performance and prospects. During the year, additional business plans and financial projections were prepared to specifically consider the acquisition of Snaitech and issuance of a longterm debt issuance, and its impact on the Group's future performance and funding requirements. The Group has also obtained a three year revolving credit facility in 2018 of €272 million. The Directors continuously assess the long-term viability of the Playtech Group as part of their ongoing monitoring of the Company. Refer to going concern, viability, responsibilities and disclosure in the Directors Report.

Note 2 – Significant Accounting Policies

The significant accounting policies followed in the preparation of the financial information, on a consistent basis, are:

Accounting principles
This financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting standards and interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). In the current year the Group has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting periods beginning on 1 January 2018.

a) New standards, interpretations and amendments effective from 1 January 2018
New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9 Financial Instruments (IFRS 9)
- IFRS 15 Revenue from Contracts with Customers (IFRS 15)

Note 2 – Significant Accounting Policies continued

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

Equity investments classified as available for sale financial assets under IAS 39 Financial Instruments: Recognition and Measurement have been classified as being at Fair Value Through Profit and Loss (FVTPL), unless an irrevocable election is made on the equity investment under IFRS 9. All fair value gains in respect of those assets are recognised in the statement of comprehensive income and accumulated in retained earnings. Any balance in the equity investment reserve relating to investments now treated as FVTPL on transition has been moved to retained earnings. Previously, under IAS 39, impairments of such assets were recognised in profit or loss, and gains and losses accumulated in reserves were recycled to profit or loss on disposal.

The impairment provision on financial assets measured at amortised cost (such as trade and other receivables) have been calculated in accordance with IFRS 9's expected credit loss model, which differs from the incurred loss model previously required by IAS 39. The Group has chosen not to restate comparatives on adoption of IFRS 9 and, therefore, both of these changes have been processed at the date of initial application (i.e. 1 January 2018), and presented in the statement of changes in equity. The change to an expected credit losses model as required under IFRS 9 has had an immaterial impact on the Group.

As allowed by the transitional rules in IFRS 9, prior year financial statements have not been restated and, in any event, no material changes in the numbers recognised were required. The adoption of IFRS 9 has though resulted in presentational changes as described above.

On the date of initial application, 1 January 2018, the financial instruments of the Group were as follows, with any reclassifications noted:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original €'000	New €'000	Difference €'000
Non-current financial assets					
Equity securities	Available for sale	FVTPL	381,346	381,346	–
Current financial assets					
Trade receivables	Amortised cost	Amortised cost	107,165	107,165	–
Other receivables	Amortised cost	Amortised cost	93,322	93,322	–
Cash and cash equivalents	Amortised cost	Amortised cost	583,957	583,957	–
Non-current liabilities					
Bonds	Amortised cost	Amortised cost	276,638	276,638	–
Contingent consideration and redemption liability	FVTPL	FVTPL	137,080	137,080	
Current liabilities					
Loans and borrowings	Amortised cost	Amortised cost	200,000	200,000	–
Contingent consideration and redemption liability	FVTPL	FVTPL	20,592	20,592	

IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services.

Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

Due to the nature of the revenue of the Group and the low number of fixed revenue contracts in existence, the transition to IFRS 15, net of tax, on retained earnings as at 1 January 2018 is not material. Hence, the impacts of adopting IFRS 15 on the Group's statement of financial position as at 31 December 2018 and its statement of profit or loss and OCI for the year then ended is also not material. IFRS 15 did not have a significant impact on the Group's accounting policies with respect to other revenue streams.

For the description of the principal revenue streams and their respective accounting treatments. For more detailed information about reportable segments, see Notes 4 and 5.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 2 – Significant Accounting Policies continued

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these is:

- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019)

IFRS 16 replaces IAS 17, Leases and its related interpretations. The standard's instructions annul the existing requirement from lessees to classify leases as operating or finance leases. Instead, for lessees, the new standard presents a unified model for the accounting treatment of all leases according to which the lessee has to recognise a right-of-use asset and a lease liability in its financial statements. Nonetheless, IFRS 16 includes two exceptions to the general model whereby a lessee may elect to not apply the requirements for recognising a right-of-use asset and a liability with respect to short-term leases of up to one year and/or leases where the underlying asset has a low value.

IFRS 16 is applicable for annual periods as of January 1 2019, with the possibility of early adoption.

IFRS 16 includes various alternative transitional provisions, so that companies can choose between the full retrospective application or recognising a cumulative effect, which means application (with the possibility of certain practical expedients) as from the mandatory effective date with an adjustment to the balance of retained earnings at that date ("the modified approach").

Method of application and expected effects

The Group plans to adopt IFRS 16 as from January 1 2019 using the modified approach, with an adjustment to the balance of retained earnings as at January 1 2019.

The Group has elected the following expedients:

(1) Not separating non-lease components from lease components and instead accounting for all the lease components and related non-lease components as a single lease component.

(2) Relying on a previous assessment of whether an arrangement contains a lease in accordance with current guidance with respect to agreements that exist at the date of initial application.

(3) Relying on a previous assessment of whether a contract is onerous in accordance with IAS 37 at the transition date, as an alternative to assessing impairment of right-of-use assets.

(4) Excluding initial direct costs from measurement of the asset at the transition date.

(5) Using hindsight when determining the lease term, meaning data presently available that may not have been available at the original date of entering into the agreement.

Expected effects:

- The Board is still considering if it will measure the right of use assets under the modified approach as if the new standard had always been applied from the beginning of the lease (using the incremental borrowing rate of the lessee at the date of initial application), or at an amount equal to the lease liability, as possible under the transitional provisions of IFRS 16 on a lease-by-lease basis. Accordingly, application of the standard may result in an adjustment of retained earnings at the date of initial application
- These changes are expected to result in an increase in the balance of right-of-use assets at the date of initial application in the range of €111.2-121.9 million and an increase in the balance of the lease liability at the date of initial application in the range of €119.6-121.9 million (depending on the approach chosen). As a result, these changes are expected to result in a decrease up to €8.3 million in equity at the date of initial application
- Accordingly, depreciation and amortisation expenses will be recognised in subsequent periods in respect of the right-of-use asset, and the need for recognising impairment of the right-of-use asset will be examined in accordance with IAS 36. Furthermore, financing expenses will be recognised in respect of the lease liability. Therefore, as from the date of initial application and in subsequent periods, depreciation expenses and financing expenses will be recognised instead of lease expenses relating to assets leased under an operating lease, which were presented as part of the general and administrative expenses item in the income statement. In addition, the nominal discount rates used for measuring the lease liability are in the range of 2.7% to 8%. This range is affected by differences in the length of the lease term, differences between the various groups of assets and so forth
- The impact on the EBITDA as a result of the implementation of IFRS 16 is expected to be a growth of around €25 million. Additionally, the expected effect of the standard's application on the consolidated statement of comprehensive income in the year ended 31 December 2019, regardless of any future modifications of the lease term, and with regard only to existing lease contracts, is a decrease in the range of €1.2-3.2 million in the Group's net profit
- The Group expects a change in principal financial ratios such as: an increase in the leverage ratio, a decrease in the interest coverage ratio and a decrease in the current ratio

Basis of consolidation

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 to variable returns from the investee; and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial information presents the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Note 2 – Significant Accounting Policies continued

Foreign currency

The financial information of the Gambling Division, which includes the Company and some of its subsidiaries, is prepared in Euros (the functional currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Gambling Division. Transactions and balances in foreign currencies are converted into Euros in accordance with the principles set forth by IAS 21 ("The Effects of Changes in Foreign Exchange Rates"). Accordingly, transactions and balances have been converted into the presentation currency of Euros as follows:

- Monetary assets and liabilities – at the rate of exchange applicable at the balance sheet date
- Income and expense items – at exchange rates applicable as of the date of recognition of those items
- Non-monetary items are converted at the rate of exchange used to convert the related balance sheet items i.e. at the time of the transaction. Exchange gains and losses from the aforementioned conversion are recognised in the consolidated statement of comprehensive income

The financial information of the financial division is prepared in US Dollars (the functional currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the financial division. The transactions and balances are converted into the presentation currency of Euros as follows:

- Assets and liabilities – at the rate of exchange applicable at the balance sheet date
- Income and expense items – at average exchange rates applicable at the period of recognition of those items
- Equity – at historic rate

Exchange gains and losses from the aforementioned conversion are recognised in the foreign exchange reserve.

Revenue recognition

The majority of the Group's revenue is derived from selling services with revenue recognised at a point in time when services have been delivered to the customer.

Type of service	Nature, timing of satisfaction of performance obligations and significant payment terms
Royalty income	Royalty income relating to licensed technology and the provision of certain services provided via various distribution channels (online, mobile or land-based interfaces). Royalty income is based on the underlying gaming revenue earned by our licensees and is recognised in the accounting periods in which the gaming transactions occur Royalty income invoices are billed and paid on a monthly basis
Trading income	Trading income represents gains (including commission) and losses arising on client trading activity, primarily in contracts for difference on shares, indexes, commodities and foreign exchange. Open client 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
Fixed-fee income	Other revenue includes revenue derived from the provision of certain services and licensed technology for which charges are based on a fixed-fee and stepped according to the usage of the service/technology in each accounting period. Income is recognised over the period of service once the obligations under the contracts have passed. Where amounts are billed and obligations not met, revenue is deferred. Amounts are mostly billed and paid on a monthly basis
Cost-based revenue	Cost-based revenue is the total revenue charged to the licensee based on the actual costs incurred from production and an additional percentage charged on top as a profit. Cost based revenue invoices are recognised in line with the cost and paid on a monthly basis
B2C revenue	‣ Revenues from concessions related to the gaming machines are recognised less the flat-rate gaming tax and winnings paid out ‣ Revenues from the gaming machines are recognised less the winnings, jackpots and flat-rate gaming tax but inclusive of compensation payable to managers and operators, as well as the concession fees payable to the ADM ‣ Revenues from online gaming (games of skill/casino/bingo) are recognised less the winnings, jackpots and flat-rate gaming tax but inclusive of the cost of the platform and concession fees ‣ The wagers related to the acceptance of fixed quota and reference bets (or bets for which the Group bears a risk deriving from winnings) are recognised net of costs for the single tax, the ex ASSI withholding, winnings and refunds paid to bettors ‣ The revenues from accepting totalisator bets, on the other hand, are recognised on the basis of the percentage of the premium established by the agreement for the year in which the bets are placed ‣ Revenues and costs related to bets are recognised at the time of the event for which the bet is accepted

Based on the services provided by the Group, excluding certain rebates provided to customers in the financial division, no return, refund and other similar obligations exist. Moreover, no warranties and related obligations exist.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 2 – Significant Accounting Policies continued

Distribution costs

Distribution costs represent the direct costs of the function of providing services to customers, costs of the development function, advertising costs and indirect taxes.

Share-based payments

Certain employees participate in the Group's share option plans which commenced with effect from 1 December 2005. The fair value of the equity settled options granted is charged to the consolidated statement of comprehensive income on a straight-line basis over the vesting period and the credit is taken to equity, based on the Group's estimate of shares that will eventually vest. Fair value is determined by the Black-Scholes and Binomial valuation model. The share options plan does not have any performance conditions other than continued service. Where equity settled share options are settled in cash at the Group's discretion the debit is taken to equity.

The Group has also granted awards to be distributed from the Group's Employee Benefit Trust. The fair value of these awards is based on the market price at the date of the grant; some of the grants have performance conditions.

Income taxes and deferred taxation

Provision for income taxes is calculated in accordance with the tax legislations and applicable tax rates in force at the balance sheet date in the countries in which the Group companies are tax registered and for Group branches based on the place where the branch is established.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit
- investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered

Dividends

Dividends are recognised when they become legally payable. In case of interim dividends to equity shareholders, this is when declared by the Directors. In case of final dividend, this is when approved by the shareholders at the AGM.

Property, plant and equipment

Property, plant and equipment are initially recognised at cost. Carrying amounts are reviewed on each balance sheet date for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous years, are:

	%
Computers and gaming machines	20-33
Office furniture and equipment	7-33
Freehold and leasehold buildings and improvements	3-20, or over the length of the lease
Motor vehicles	15

Land is not depreciated.

Subsequent expenditures are included in the asset carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated statement of comprehensive income.

Note 2 – Significant Accounting Policies continued

Put/call options

Where a put/call option is entered into over the non-controlling interest the ownership risks and rewards of the shares relating to the option are analysed to determine whether the equity is attributable to the non-controlling interest or the parent. The non-controlling interest is recognised if the risks and rewards of ownership of those shares remain with them.

A financial liability is recorded to reflect the option. All subsequent changes to the liability (other than the cash settlement) are recognised in profit or loss.

Where the significant risks and rewards of ownership remain with the non-controlling interest the non-controlling interest continues to be recognised and is allocated its share of profits and losses.

Where the significant risks and rewards of ownership reside with the controlling interest, the financial liability recognised offsets the non-controlling interest.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are recognised at cost less, if any, provision for impairment.

Intangible assets

Externally acquired intangible assets

Externally acquired intangible assets are recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual legal rights. The amounts described to such intangible assets are arrived at by using appropriate valuation techniques.

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold
- adequate resources are available to complete and sell the product
- the Group is able to sell the product
- sale of the product will generate future economic benefits
- expenditure on the project can be measured reliably

Amortisation is calculated at annual rates estimated to write off the costs of the assets over their expected useful lives and is charged to operating expenses from the point the asset is brought into use. The principal annual rates used for this purpose, which are consistent with those of the previous years, are:

	%
Domain names	Nil
Internally generated capitalised development costs	20-33
Technology IP	13-33
Customer lists	In line with projected cash flows or 7-20
Affiliate contracts	5-12.5
Patents and licences	10-33 or over the period of the licence

Management believes that the useful life of the domain names and certain trading licences is indefinite. These assets are reviewed for impairment annually.

Subsequent expenditure on capitalised intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. All other expenditure, including that incurred in order to maintain an intangible asset's current level of performance, is expensed as incurred.

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable asset's, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, and liabilities assumed and equity instruments issued plus the amount of non-controlling interest in the acquire plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire. Contingent consideration is included in the cost as its acquisition date fair value and, in case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Changes in the estimated value of contingent consideration arising on business combinations completed by this date were treated as an adjustment to cost and, in consequence, resulted in a change in the carrying value of goodwill.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 2 – Significant Accounting Policies continued

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to annual impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to establish the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows, its cash-generating units (CGU). Goodwill is allocated on initial recognition to each of the Group's CGU that are expected to benefit from a business combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line item in the consolidated statement of comprehensive income, except to the extent they reverse gains previously recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

Associates and structured agreements

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate or structured agreements, as appropriate. Associates are initially recognised in the consolidated balance sheet at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures – where the Group has rights to only the net assets of the joint arrangement
- Joint operations – where the Group has rights to both the assets and obligations for the liabilities of the joint arrangement

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements)

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – refer above).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

Note 2 – Significant Accounting Policies continued

Financial assets

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss)
- those to be measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrecoverable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expenses in profit or loss. Changes in the fair value of financial assets at FVTPL are recognised in the statement of comprehensive income.

Financial assets measured at amortised cost arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 365 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Other receivables consist of amounts generally arising from transactions outside the usual operating activities of the Group such as the proceeds from disposal of investment. Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(iv) Impairment

For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Accounting policies applied until 31 December 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 December 2017, the Group classified its financial assets in the following categories:

- Loans and receivables
- Available for sale financial assets

Loans and receivables (until 31 December 2017)

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's receivables comprise trade and other receivables, cash and cash equivalents, and loans to customers in the balance sheet.

Trade receivables which principally represent amounts due from licensees are carried at original invoice value less an estimate made for bad and doubtful debts based on a review of all outstanding amounts at the year end. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of receivables. Bad debts are written off when identified.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Where cash is on deposit with maturity dates greater than three months, it is disclosed within other receivables.

Loans to customers are in respect of formal loan agreements entered into between the Group and its customers, which are carried at original advanced value less provision for impairment (or fair value on inception, if different). They are classified between current and non-current assets in accordance with the contractual repayment terms of each loan agreement.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 2 – Significant Accounting Policies continued

Financial assets continued

Available-for-sale financial assets (until 31 December 2017)

Non-derivative financial assets classified as available-for-sale comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value generally recognised in other comprehensive income and accumulated in the available for sale reserve. In accordance with IAS 39, a significant or prolonged decline in the fair value of an available-for-sale financial asset is recognised in the consolidated statement of comprehensive income.

Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve. On sale, the amount held in the available-for-sale reserve associated with that asset is removed from equity and recognised in the consolidated statement of comprehensive income.

Financial liabilities

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Several of the Group's licensees participate in progressive jackpot games. Each time a progressive jackpot game is played, a preset amount is added to a cumulative jackpot for that specific game. The accrual for the jackpot at the consolidated balance sheet date is included in progressive jackpot and other operators' jackpot liabilities.

The Group's liability in connection with client funds includes customer deposits offset by the fair value of open positions, the movement on which is recognised through profit or loss. Such open positions are classified as short-term financial derivatives in the balance sheet. Where customers' trading positions are hedged, or partly hedged, for risk management purposes, the fair value of those open hedge positions are carried at fair market value in trade receivables or trade payables (depending on whether the positions are in or out of the money) and classified as short-term financial derivatives in the balance sheet.

Liability components of convertible loan notes are measured as described further below.

Loans and bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated balance sheet. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Fair value measurement hierarchy

IFRS 7 and IFRS 13 requires certain disclosure which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see Note 30). The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels. The Group measures its equity investments at fair value – refer to Note 15 for more detailed information in respect of the fair value measurement.

Share capital

Ordinary shares are classified as equity and are stated at the proceeds received net of direct issue costs.

Employee Benefit Trust

Consideration paid/received for the purchase/sale of shares subsequently put in the Employee Benefit Trust is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "Employee Benefit Trust reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

Convertible bond

The proceeds received on issue of the Group's convertible bond are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond, where the option meets the definition of an equity instrument. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible bond option reserve" within shareholders' equity.

Long-term liabilities

Long-term liabilities are those liabilities that are due for repayment or settlement in more than 12 months from balance sheet date.

Note 2 – Significant Accounting Policies continued

Provisions

Provisions, which are liabilities of uncertain timing or amount, are recognised when the Group has a present obligation as a result of past events, if it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Non-controlling interests

Non-controlling interest is recognised at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Adjusted results

The Directors believe that in order to best represent the trading performance and results of the Group, the reported numbers should exclude certain non-cash and one-off items including the below.

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

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

- Material non-cash items, e.g. amortisation of intangibles on acquisition, change in fair value of equity investments in the income statement and Employee Share Option Plan expenses. Management regularly monitors the operating cash conversion to adjusted EBITDA. These items are excluded to better analyse the underlying cash transactions of the business
- Material one-off items, e.g. gain on sale of investment in associates, professional services cost related to acquisitions and other exceptional projects. In the last few years the Group has acquired new businesses on a regular basis; however, the costs incurred due to these acquisitions are not considered to be an ongoing trading cost and usually cannot be changed or influenced by management

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

- The impact of acquisitions made in the period or in the comparable period
- Specific material agreements, adjustments to previous years or currency fluctuations affecting the results in the period and the comparable period

As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. A full reconciliation of adjustments is included in Note 6.

Note 3 – Critical Accounting Estimates and Judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The areas requiring the use of estimates and critical Judgments that may potentially have a significant impact on the Group's earnings and financial position are detailed below.

Judgements

Structured agreements

For all arrangements structured in separate vehicles, the Group must assess the substance of the arrangement in determining whether it meets the definition to be classified as an associate or joint venture. Factors the Group must consider include:

- Structure
- Legal form
- Contractual agreement
- Other facts and circumstances

Upon consideration of these factors, the Group has determined that all of its arrangements structured through separate vehicles give it significant influence but not joint control rights to the net assets and are therefore classified as associates.

Provision for loss from onerous contracts

Management considers the requirement for a creation of the provision from a loss-making contract by forecasting the cash flow outcomes in the remaining period of the contract. The assessment of the cash flow outcomes includes the probability of future changes in commercial terms and the steps taken to mitigate the issues encountered with the contract.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 3 – Critical Accounting Estimates and Judgements continued

Judgements continued

Revenue from contracts with customers

Parts of gambling activities may be physically located in casinos or in public venues (e.g. bingo) and others may be played online. In some cases, wagers may be handled through bookmakers or be sold through retail outlets (e.g. scratch cards or lottery tickets). Depending on the fact pattern, players might place a wager against the operator (the house), against other players, or both. In some jurisdictions, the operation of gambling activities is subject to a number of regulations and sometimes these regulations prescribe a percentage of all amounts wagered that must be awarded as prizes to winners. However, in other jurisdictions, the regulations do not prescribe a fixed percentage that must be awarded to winner(s) and in such situations, the percentage could be left to the operator's discretion or predefined as game rules, which are known to the players in advance. Therefore, the presentation of revenue depends on the nature of the gambling activity. When the gambling contract or instrument meets the definition of a derivative, it is accounted for as a financial instrument in accordance with IFRS 9 Financial Instruments: Recognition and Measurement. When the gambling contract or instrument does not meet the definition of a derivative, the operator assesses whether it acts as a principal or an agent. When the operator acts as an agent, only the net amount is presented as revenue (net of win and taxes). If it is deemed that the operator is acting as a principal, revenue is recognised gross at the amount collected from players, with prizes awarded to winners classified as an expense. Even if the operator receives the cash flows net, an entity that is deemed to be the principal presents revenue on a gross basis.

Internally generated intangible assets

Expenditure on internally developed products is capitalised based on the below:

- adequate resources are available to complete and sell the product
- the Group is able to sell the product
- sale of the product will generate future economic benefits
- expenditure on the project can be measured reliably

Upon consideration of these factors, the Group capitalises these expenditure under intangible assets

Income taxes

The Group is subject to corporate income tax in jurisdictions in which its companies are incorporated and registered. Judgement is required to interpret international tax laws relating to e-commerce in order to identify and value provisions in relation to corporate income taxes. The principal risks relating to the Group's tax liabilities, and the sustainability of the underlying effective tax rate, arise from domestic and international tax laws and practices in the e-commerce environment continuing to evolve, including the corporate tax rates in jurisdictions where the Group has significant assets or people presence. The Group is basing its tax provisions on current (and enacted but not yet implemented) tax rules and practices, together with advice received from professional advisers, and believes that its accruals for tax liabilities are adequate for all open enquiry years based on its assessment of many factors including past experience and interpretations of tax law. The Group constantly monitors changes in legislation and update its accruals accordingly. More details are included in Note 9.

Regulatory

The Group's subsidiaries, Safecap Investments Limited, Magnasale Trading Limited, CFH Clearing Limited, TradeTech Alpha Limited, TradeTech Markets (Australia) Pty Limited, TradeTech Markets (BVI) Limited, and TradeTech Markets (South Africa) Pty Limited are regulated by the Financial Conduct Authority, Australian Securities & Investments Commission, Cyprus Securities and Exchange Commission, the Financial Services Commission, or the Financial Sector Conduct Authority. The regulatory environment is regularly changing and imposes significant demands on the resources of the subsidiaries. As the subsidiaries' activities expand, offering new products and penetrating new markets, these regulatory demands will inevitably increase. The increasing complexity of the Group's operations require training and recruitment be tailored to meet these regulatory demands and the costs of compliance are expected to increase.

In addition to the above, the regulated subsidiaries manage their capital resources on the basis of capital adequacy requirements as prescribed by each of the regulators, together with their own assessments of other business risks and sensitivities which may impact the business. Capital adequacy requirements are monitored on a real-time basis, including a 'buffer' which is deemed sufficient by management to ensure that capital requirements are not breached at any time.

Estimates and assumptions

Impairment of goodwill and other intangibles

The Group is required to test, on an annual basis, whether goodwill, intangible assets not yet in use and indefinite life assets have suffered any impairment. The Group is required to test other intangibles if events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Such estimates are based on management's experience of the business, but actual outcomes may vary. More details including carrying values are included in Note 13.

Note 3 – Critical Accounting Estimates and Judgements continued

Estimates and assumptions continued

Deferred tax assets

Deferred tax assets are recognised with respect to the tax losses carryovers and other significant temporary differences, to the extent that there is likely to be sufficient future taxable income against which such losses and temporary differences may be deducted in future periods. Directors are required to make significant discretionary evaluation to determine the amount of deferred tax assets that may be recognised. The Directors need to estimate the probable temporary effect and the amount of the future taxable income, as well as the planning strategy for future taxes. More details are included in Note 26.

Determination of fair value of intangible and tangible assets acquired on business combinations

The fair value of the intangible assets acquired is based on the discounted cash flows expected to be derived from the use of the asset. Further information in relation to the determination of fair value of intangible assets acquired is given in Notes 29 and 30. The fair value of the tangible assets acquired on business combinations was determined through the methods of value in use and market value as determined by an external, independent property valuer. Further information in relation to the determination of fair value of tangible assets acquired is given in Note 29D.

Determination of the fair value of contingent consideration and redemption liability

The fair value of contingent consideration and redemption liability is based on the probability of expected cash flow outcomes and the assessment of present values using appropriate discount rates. Recognition of put/call options over non-controlling interest is based on consideration of the ownership risks and rewards of the shares relating to the option to determine whether the equity is attributable to the non-controlling interest or the parent. The fair value is based on the probability of expected cash flow outcomes based on management's best estimates and discount rates applied. Further information in relation to the determination of the fair value of contingent consideration is given in Notes 23, 29 and 30.

Impairment of financial assets

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The Group's exposure to various risks associated with the financial instruments is discussed in Note 33. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned in Note 33.

Provision for risks and charges and potential liabilities

The Group ascertains a liability in the presence of legal disputes or lawsuits underway when it believes it is probable that a financial outlay will take place and when the amount of the losses which derive therefrom can be reasonably estimated. The Group is subject to lawsuits regarding complex legal problems, which are subject to a differing degree of uncertainty (also due to a complex legislative framework), including the facts and the circumstances inherent to each case, the jurisdiction and the different laws applicable. Given the uncertainties inherent to these problems, it is difficult to predict with certainty the outlay which will derive from these disputes and it is therefore possible that the value of the provisions for legal proceedings and disputes may vary depending on future developments in the proceedings underway. The Group monitors the status of the disputes underway and consults with its legal advisers and experts on legal and tax-related matters.

Note 4 – Segment Information

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

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

The operating segments identified are:

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

The Group-wide profit measures are Adjusted EBITDA and Adjusted net profit (see Note 6). Management believes the adjusted profit measures represent more closely the underlying trading performance of the business. No other differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

In 2017, following the growth in the business to customer (B2C) segment and due to the fundamental difference in its margin profiles, the Group changed the internal and external reporting and split out from the gaming segment the B2C element.

There is no allocation of operating expenses, profit measures, assets and liabilities to individual products within the gaming segments, as allocation would be arbitrary.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 4 – Segment Information continued

Geographical analysis of non-current assets

The Group's information about its non-current assets by location of the domicile are detailed below:

	2018 €'000	2017 €'000
Italy	900,837	–
Isle of Man	539,944	805,288
Austria	176,621	147,877
Luxembourg	–	117,366
UK	109,179	107,435
Cyprus	83,067	74,477
Sweden	70,157	76,452
British Virgin Islands	65,558	63,609
Denmark	42,738	43,004
Alderney	33,343	35,878
Gibraltar	33,413	25,295
Malta	21,043	20,537
Latvia	15,491	17,254
Rest of World	9,813	35,331
	2,101,204	**1,569,803**

Year ended 31 December 2018

	Casino €'000	Services €'000	Sport €'000	Bingo €'000	Poker €'000	Other €'000	Total B2B €'000	Snai €'000	Sun Bingo €'000	Casual and other B2C €'000	Total B2C €'000	Inter-company €'000	Total Gaming €'000	Total financial €'000	Conso-lidated €'000
Total revenue	320,080	84,587	98,051	26,359	9,555	27,390	566,022	511,907	33,713	47,594	593,214	(11,729)	1,147,507	92,936	1,240,443
Adjusted EBITDA							252,645				60,945		313,590	29,459	343,049
Adjusted net profit							136,490				2,280		138,770	117,409	256,179
Total assets							1,106,104				1,197,026		2,303,130	790,598	3,093,728
Total liabilities							1,096,605				323,116		1,419,721	323,411	1,743,132

Year ended 31 December 2017

	Casino €'000	Services €'000	Sport €'000	Bingo €'000	Poker €'000	Other €'000	Total B2B €'000	Snai €'000	Sun Bingo €'000	Casual and other B2C €'000	Total B2C €'000	Inter-company €'000	Total Gaming €'000	Total financial €'000	Conso-lidated €'000
Total revenue	412,811	94,381	87,467	26,180	9,475	26,408	656,722	–	23,648	46,638	70,285	(4,817)	722,190	84,930	807,120
Adjusted EBITDA							321,686				(26,606)		295,080	27,016	322,096
Adjusted net profit							234,772				(25,895)		208,877	22,572	231,449
Total assets							1,523,525				21,809		1,545,334	808,913	2,354,247
Total liabilities							739,139				6,436		745,575	250,190	995,795

Note 5 – Revenue from Contracts with Customers

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

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

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

Geographical analysis of revenues by jurisdiction of licence

Primary geographic markets	B2B €'000	B2C €'000	Financial €'000	Intercompany €'000	Total €'000
Italy	23,366	519,117	3,686	(6,447)	539,722
UK	175,589	44,208	40,870	(3,581)	257,086
Philippines	170,062	–	1	–	170,063
Malta	30,812	–	220	–	31,032
Gibraltar	24,252	–	186	–	24,438
Mexico	23,204	–	663	–	23,867
Spain	21,652	555	1,398	(56)	23,549
Greece	13,427	–	1,076	–	14,503
Germany	1,329	11,769	2,621	(1,237)	14,482
Finland	12,827	–	141	–	12,968
Belgium	7,853	–	3	–	7,856
Austria	4,856	2,259	361	(408)	7,068
Seychelles	–	–	6,974	–	6,974
Ireland	6,312	–	446	–	6,758
Norway	5,849	–	752	–	6,601
Rest of World	44,632	15,306	33,538	–	93,476
	566,022	**593,214**	**92,936**	**(11,729)**	**1,240,443**

Product type	B2B €'000	B2C €'000	Financial €'000	Intercompany €'000	Total €'000
Casino	320,080	–	–	(4,875)	315,205
Services	84,587	–	–	(3,116)	81,471
Sport	98,051	–	–	(2,410)	95,641
Bingo	26,359	–	–	(884)	25,475
Poker	9,555	–	–	(346)	9,209
Other	27,390	–	–	(98)	27,292
SNAI	–	511,907	–	–	511,907
Sun Bingo	–	33,713	–	–	33,713
Casual and Other B2C	–	47,594	–	–	47,594
Financial	–	–	92,936	–	92,936
	566,022	**593,214**	**92,936**	**(11,729)**	**1,240,443**

Timing of transfer of services	B2B €'000	B2C €'000	Financial €'000	Intercompany €'000	Total €'000
Point in time (at point of transaction)	486,132	583,971	92,695	(11,181)	1,151,617
Over time	79,890	9,243	241	(548)	88,826
	566,022	**593,214**	**92,936**	**(11,729)**	**1,240,443**

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in Note 2. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

The vast majority of the Group's B2B contracts are for the delivery of services within the next 12 months.

In 2018, there was one licencee (2017: two licensees) who individually accounted for more than 10% of the total gaming revenue and the total revenue of the Group. Aggregate revenue from these licensee total €137.7 million (2017: €280.6 million).

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 6 – Adjusted Items

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

	2018 €'000	2017 €'000
Revenue	1,240,443	807,120
Constant currency impact	11,228	–
Revenue on constant currency basis	1,251,671	807,120
Revenue related to acquisitions on a constant currency basis	(547,587)	(9,640)
Underlying revenue	704,084	797,480
Distribution costs before depreciation and amortisation	796,494	412,943
Employee stock option expenses	(5,014)	(7,292)
Adjusted distribution costs before depreciation and amortisation	791,480	405,651
Administrative expenses before depreciation and amortisation	156,105	117,088
Employee stock option expenses	(8,710)	(7,802)
Professional fees on acquisitions	(27,102)	(2,387)
One-off employee related costs	–	(5,001)
Additional consideration payable for put/call options	2,391	(5,345)
Cost of business reorganisation	(2,396)	(1,101)
Decline in the fair value of equity investments	–	(467)
Impairment of investment in Equty-accounted associates	(8,001)	(14,887)
Gain/(loss) from the disposal of equity-accounted associates	897	(725)
Amendment to deferred consideration	(1,705)	–
Provision for other receivables	(5,565)	–
Total adjusted items	(50,191)	(37,715)
Adjusted administrative expenses before depreciation and amortisation	105,914	79,373
Depreciation – distribution costs	36,690	19,129
Depreciation – administrative costs	5,977	7,415
Amortisation – distribution costs	110,178	86,987
Impairment	–	7,845
Total depreciation and amortisation	152,845	121,376
Amortisation of intangibles on acquisitions – distribution costs	(47,936)	(50,954)
Impairment	–	(7,845)
Adjusted depreciation and amortisation	104,909	62,577
EBITDA	287,844	277,090
Employee stock option expenses	13,724	15,094
Professional expenses on acquisitions	27,102	2,387
One-off employee related costs	–	5,001
Additional consideration payable for put/call options	(2,391)	5,345
Cost of business reorganisation	2,396	1,101
Decline in the fair value of equity investments	–	467
Impairment of investment in equity-accounted associates	8,001	14,887
Gain/(loss) from the disposal of equity-accounted associates	(897)	725
Amendment to deferred consideration	1,705	–
Provision for other receivables	5,565	–
Adjusted EBITDA	343,049	322,096
Constant currency impact	3,208	–
Adjusted EBITDA on constant currency basis	346,257	322,096
EBITDA related to acquisitions on constant currency basis	(90,703)	(2,073)
Underlying adjusted EBITDA	255,554	320,023

Note 6 – Adjusted Items continued

	2018 €'000	2017 €'000
Profit for the year – attributable to owners of the parent	123,809	248,140
Amortisation of intangibles on acquisitions	47,936	50,954
Impairments related to acquisitions	–	7,845
Gain/(loss) from the disposal of equity-accounted associates	(897)	725
Impairment of investment in associate and other non-current assets	8,001	14,887
Employee stock option expenses	13,724	15,094
Professional expenses on acquisitions	27,102	2,387
Additional consideration payable for put/call options	(2,391)	5,345
Cost of business reorganisation	2,396	1,101
Non-cash accrued bond interest	10,685	10,234
Decline in fair value of equity investments	–	467
One-off employee related costs	–	5,241
Deferred tax on acquisition	(9,861)	(4,592)
Movement in deferred and contingent consideration	(1,887)	(126,379)
Finance costs on acquisitions	8,494	–
Fair value change of equity investments	1,738	–
Tax relating to prior years (refer to Note 9)	28,410	–
Gain on the early repayment of the bond	(8,350)	–
Amendment to deferred consideration	1,705	–
Provision for other receivables	5,565	–
Adjusted profit for the year – attributable to owners of the parent	256,179	231,449
Constant currency impact	9,650	–
Adjusted profit for the year – attributable to owners of the parent on constant currency basis	265,829	231,449
Adjusted net profit related to acquisitions on constant currency basis	(32,700)	18,808
Underlying adjusted profit for the year – attributable to owners of the parent	**233,129**	**250,257**

Note 7 – EBITDA

EBITDA is stated after charging:

	2018 €'000	2017 €'000
Directors' compensation		
Short-term benefits of Directors	2,899	2,532
Share-based benefits of Directors	1,320	1,436
Bonuses to Executive Directors	717	2,280
	4,936	6,248
Auditor's remuneration		
Group audit and Parent Company (BDO)	572	509
Audit of subsidiaries (BDO)	634	508
Audit of subsidiaries (non-BDO)	758	209
Total audit fees	**1,964**	**1,226**
Non-audit services provided by Parent Company auditor and its international member firms		
Corporate finance services related to acquisitions	2,264	271
Other non-audit services	407	116
Tax advisory services	192	96
Total non-audit fees	**2,863**	**483**
Development costs (net of capitalised development costs of €58.3 million (2017: €50.7 million)	**87,290**	**85,191**

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 8 – Financing Income and Costs

	2018 €'000	2017 €'000
A. Finance income		
Interest received	2,446	1,850
Dividends received from equity investments	33,927	17,078
Movement in contingent consideration	1,887	126,379
Gain on early repayment of bond loans (Note 22)	8,350	–
	46,610	145,307
B. Finance cost		
Exchange differences	(4,579)	(19,693)
Non-cash accrued bond interest	(10,685)	(10,234)
Nominal interest expenses on convertible bonds	(1,485)	(1,485)
Interest on bond loans – Snai bond	(14,873)	–
Interest on bond loans – Bond	(4,645)	–
Interest on bank loans	(4,102)	(1,857)
Bank facility fees	(13,642)	–
Bank charges and interest paid	(5,538)	(938)
	(59,549)	(34,207)
Net financing (cost)/income	**(12,939)**	**111,100**

Note 9 – Taxation

	2018 €'000	2017 €'000
Current income tax		
Income tax on profits of subsidiary operations	29,938	21,856
Deferred tax (Note 26)	(4,705)	(4,592)
Tax for prior years	28,410	241
Total tax charge	**53,643**	**17,505**

The tax charge for the year can be reconciled to accounting profit as follows:

	2018 €'000	2017 €'000
Profit before taxation	183,422	266,615
Tax at effective rate in Isle of Man	–	–
Income tax on profits of subsidiary operations	29,938	21,856
Deferred tax	(4,705)	(4,592)
Tax for prior years	28,410	241
Total tax charge	53,643	17,505

The Group's policy is to manage, control and operate Group companies only in the countries in which they are registered. The international tax laws and practices in the e-commerce environment continue to evolve in many jurisdictions where the Group has significant assets or people presence. The Group's international presence means that it is possible that the amount of tax that will eventually become payable may differ from the amount provided in the financial statements.

The Group's underlying effective adjusted tax rate of 10% is impacted by the geographic mix of profits and reflects a combination of higher headline rates of tax in the various jurisdictions in which the Group operates when compared with the Isle of Man standard rate of corporation tax of 0%. The Group's underlying effective tax rate for the year includes adjustments in respect of prior years for overseas tax of €28.4 million which relates to the settlement of open enquiries with tax authorities.

The deferred tax is due to the reversal of temporary differences arising on the identification of the intangible assets acquired in the current and prior years. Refer to Note 26 for more detailed information in respect of deferred taxes.

Note 10 – Earnings per Share

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being profit after tax, is as follows:

	2018 Actual €'000	2018 Adjusted €'000	2017 Actual €'000	2017 Adjusted €'000
Profit for the year attributable to owners of the parent	123,809	256,179	248,140	231,449
Add interest on convertible bond	12,170	1,485	11,719	1,485
Earnings used in diluted EPS	135,979	257,664	259,859	232,934
Basic (cents)	39.3	81.3	78.9	73.6
Diluted (cents)	38.4	72.9	74.6	66.8

	2018 Actual Number	2018 Adjusted Number	2017 Actual Number	2017 Adjusted Number
Denominator – basic				
Weighted average number of equity shares	315,066,252	315,066,252	314,504,413	314,504,413
Denominator – diluted				
Weighted average number of equity shares	315,066,252	315,066,252	314,504,413	314,504,413
Weighted average number of option shares	3,420,264	3,420,264	418,290	418,290
Weighted average number of convertible bonds	35,194,994	35,194,994	33,543,403	33,543,403
Weighted average number of shares	**353,681,510**	**353,681,510**	**348,466,106**	**348,466,106**

Note 11 – Employee Benefits

Total staff costs comprise the following:

	2018 €'000	2017 €'000
Salaries and personnel-related costs	289,035	264,555
Employee stock option costs	13,724	15,094
	302,759	**279,649**
Average number of personnel:		
Distribution	4,741	4,586
General and administration	562	458
	5,303	**5,044**

The Group has the following employee share option plans (ESOP) for the granting of non-transferable options to certain employees:

- Playtech 2005 Share Option Plan ("the Plan") and Israeli plans; options granted under the plans vest on the first day on which they become exercisable, which is typically between one to four years after grant date
- GTS 2010 Company Share Option Plan (CSOP), options granted under the plan vest on the first day on which they become exercisable, which is three years after grant date
- Long Term Incentive Plan 2012 (LTIP), awards (options, conditional awards or a forfeitable share award) granted under the plan vest on the first day on which they become exercisable, which is typically between 18 and 36 months after grant date

The overall term of the ESOP is ten years. These options are settled in equity once exercised. Option prices are denominated in GBP.

During 2012, the Group amended some of the rules of the equity based Plan. The amendments allow the Group, at the employees' consent, to settle fully vested and exercisable options for cash instead of issuing shares.

The Group granted 2,985,462 and 1,615,579 nil cost awards in 2018 and 2017 respectively at fair value per share of £5.35 in 2018 and between £9.625 and £10.06 in 2017.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 11 – Employee Benefits continued

At 31 December 2018, options under these schemes were outstanding over:

	2018 Number	2017 Number
Shares vested between 28 November 2009 and 28 November 2012 at an exercise price of £3.20 per share	–	19,735
Shares vested between 18 April 2012 and 18 April 2013 at an exercise price of £5.12 per share	18,000	18,000
Shares vested between 26 August 2012 and 26 August 2013 at an exercise price of £4.16 per share	30,500	30,500
Shares vested on 10 March 2014 at an exercise price of £3.5225 per share	25,700	26,500
Shares vested on 1 March 2018 at nil cost	102,844	146,919
Shares vested between 1 September 2016 and 1 March 2018 at nil cost	159,158	276,825
Shares will vest on 1 March 2019 at nil cost	246,728	246,728
Shares will vest between 1 September 2017 and 1 March 2019 at nil cost	319,742	429,817
Shares will vest on 21 December 2019 at nil cost	86,205	110,183
Shares will vest between 1 October 2017 and 1 April 2019 at nil cost	29,562	324,494
Shares will vest on 1 March 2020 at nil cost	1,115,570	1,228,877
Shares will vest on 1 September 2019 at nil cost	16,703	–
Shares will vest on 1 March 2021 at nil cost	2,867,209	–
	5,017,921	**2,858,578**

Total number of shares exercisable as of 31 December 2018 is 458,156 (2017: 278,982).

The following table illustrates the number and weighted average exercise prices of shares options for the ESOP.

	2018 Number of options	2017 Number of options	2018 Weighted average exercise price	2017 Weighted average exercise price
Outstanding at the beginning of the year	2,858,578	1,836,137	£0.13	£0.38
Granted	2,985,462	1,615,579	Nil	Nil
Forfeited	(351,166)	(113,339)	£0.08	Nil
Exercised	(474,953)	(479,799)	£0.09	£0.67
Outstanding at the end of the year	**5,017,921**	**2,858,578**	**£0.06**	**£0.13**

Included in the number of options exercised during the year are 14,387 options (2017: 29,689) where a cash alternative was received.

The weighted average share price at the date of exercise of options was £6.912 (2017: £8.601).

Share options outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price	2018 Number	2017 Number
28 November 2018	£3.2	–	19,735
Between 18 April 2020 and 26 August 2020	Between £4.16 and £5.12	48,500	48,500
10 March 2021	£3.5225	25,700	26,500
21 December 2025	Nil	262,002	423,744
Between 21 December 2026 and 31 December 2026	Nil	652,675	786,728
Between 1 March 2027 and 28 June 2027	Nil	1,126,440	1,553,371
23 July 2028	Nil	2,902,604	–
		5,017,921	**2,858,578**

Note 11 – Employee Benefits continued

TradeTech ESOP

In addition, the Group has the following employee share option plans (ESOP) for the granting of non-transferable options to certain employees:

- TradeFX 2009 Global Share Option Plan ("the First Plan"); options granted under the First Plan vest on the first day on which they become exercisable, which is typically between one to four years after grant date
- Long Term Incentive Plan 2012 (LTIP), awards (options, conditional awards or forfeitable share award) granted under the plan vest on the first day on which they become exercisable, which is typically between 18 and 36 months after grant date
- TradeTech Performance Share Plan 2017 ("the Second Plan"); options granted under the Second Plan vest three years after grant date, according to performance targets in the years 2017 and 2018

The overall term of the ESOP is ten years. These options are settled in equity once exercised. Option prices are denominated in USD, depending on the option grant terms.

Total number of share options exercisable as of 31 December 2018 is 7,500 (2017: 100,416).

	2018 Number	2017 Number
Shares vested between 1 June 2011 and 31 December 2017 at an exercise price of $4 per share	–	750
Shares vested between 1 November 2013 and 31 December 2017 at an exercise price of $12 per share	–	4,475
Shares vested between 1 December 2015 and 31 December 2017 at an exercise price of $70 per share	4,250	95,191
Shares vested between 1 January 2018 and 31 December 2018 at an exercise price of $70 per share	3,250	–
	7,500	100,416
Shares vesting between 1 January 2018 and 1 September 2020 at an exercise price of $70 per share	5,500	53,495
Shares will vest between June 2020 and November 2020 at nil cost	7,898	7,898
	13,398	61,393
	20,898	**161,809**

The following table illustrates the number and weighted average exercise prices of share options for the ESOP:

	2018 Number of options	2017 Number of options	2018 Weighted average exercise price	2017 Weighted average exercise price
Outstanding at the beginning of the year	161,809	160,061	$66.64	$60.7
Granted through the year	–	7,898	–	$70
Forfeited	(133,436)	(5,600)	$70.00	$36.75
Exercised	(7,475)	(550)	$11.2	$9.17
Outstanding at the end of the year	**20,898**	**161,809**	**$43.54**	**$66.64**

Included in the number of options exercised during the year is 6,100 (2017: 550) where a cash alternative was received. The weighted average share price at the date of exercise of options was $9.67.

Share options outstanding at the end of the year have the following exercise prices:

	2018 Number	2017 Number
Share options to be expired between 1 June 2020 and 1 August 2022 at an exercise price of $4 per share	–	750
Share options to be expired between 1 September 2022 and 1 November 2023 at an exercise price of $12 per share	–	4,475
Share options to be expired between 1 December 2024 and 10 March 2025 at an exercise price of $70 per share	13,000	148,686
Share options to be expired between June 2027 and November 2027 at nil cost	7,898	7,898
	20,898	**161,809**

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 12 – Property, Plant and Equipment

	Computers €'000	Gaming machines €'000	Office furniture, equipment and motor vehicles €'000	Freehold and leasehold buildings and improvements €'000	Total €'000
Cost					
At 1 January 2017	83,982	15,224	12,672	32,038	143,916
Additions	15,009	11,816	2,717	5,150	34,692
Acquired through business combinations	101	1	44	–	146
Disposals	(1,610)	–	(415)	(1,785)	(3,810)
Foreign exchange movements	(175)	(5)	(74)	(2)	(256)
At 31 December 2017	**97,307**	**27,036**	**14,944**	**35,401**	**174,688**
Accumulated depreciation					
At 1 January 2017	55,864	2,787	5,409	6,963	71,023
Charge	14,842	5,835	2,764	3,103	26,544
Disposals	(1,490)	66	(251)	(1,351)	(3,026)
Foreign exchange movements	90	3	36	2	131
At 31 December 2017	**69,306**	**8,691**	**7,958**	**8,717**	**94,672**
Net book value					
At 31 December 2017	**28,001**	**18,345**	**6,986**	**26,684**	**80,016**
At 31 December 2016	28,118	12,437	7,263	25,075	72,893

	Computers €'000	**Gaming machines €'000**	**Office furniture and equipment €'000**	**Buildings and leasehold buildings and improvements €'000**	**Total €'000**
Cost					
At 1 January 2018	97,307	27,036	14,944	35,401	174,688
Additions	17,469	24,103	5,674	7,734	54,980
Acquired through business combinations	771	21,539	7,647	288,633	318,590
Disposals	(9,371)	(9,315)	(2,187)	(1,767)	(22,640)
Reclassifications	–	–	(838)	838	–
Foreign exchange movements	46	2	23	1	72
At 31 December 2018	**106,222**	**63,365**	**25,263**	**330,840**	**525,690**
Accumulated depreciation					
At 1 January 2018	69,306	8,691	7,958	8,717	94,672
Charge	17,415	15,163	4,348	5,762	42,688
Disposals	(9,320)	(9,290)	(1,914)	(1,277)	(21,801)
Reclassifications	–	–	(427)	427	–
Foreign exchange movements	31	1	11	–	43
At 31 December 2018	**77,432**	**14,565**	**9,976**	**13,629**	**115,602**
Net book value					
At 31 December 2018	**28,790**	**48,800**	**15,287**	**317,211**	**410,088**

Note 13 – Intangible Assets

	Patents, domain names and licence €'000	Technology IP €'000	Development costs €'000	Customer list and affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2017	79,123	93,983	158,733	391,756	620,257	1,343,852
Additions	1,601	–	50,683	1,460	–	53,744
Disposals	(2,838)	–	(2,349)	(28)	–	(5,215)
Assets acquired on business combinations	1,289	9,389	3,336	15,623	98,940	128,577
Assets acquired on business combinations in prior year	–	–	–	–	2,017	2,017
Impairment of intangible asset	–	–	–	–	(7,845)	(7,845)
Foreign exchange movements	(4,595)	(2,619)	(2,137)	(12,216)	(33,793)	(55,360)
As of 31 December 2017	**74,580**	**100,753**	**208,266**	**396,595**	**679,576**	**1,459,770**
Accumulated amortisation						
As of 1 January 2017	20,439	26,093	87,657	195,028	–	329,217
Provision	7,909	16,101	27,976	35,001	–	86,987
Disposals	–	–	(2,349)	(28)	–	(2,377)
Foreign exchange movements	(627)	(779)	(822)	(3,061)	–	(5,289)
As of 31 December 2017	**27,721**	**41,415**	**112,462**	**226,940**	**–**	**408,538**
Net book value						
As of 31 December 2017	**46,859**	**59,338**	**95,804**	**169,655**	**679,576**	**1,051,232**
As of 31 December 2016	58,684	67,890	71,076	196,728	620,257	1,014,635

	Patents, domain names and licence €'000	**Technology IP €'000**	**Development costs €'000**	**Customer list and affiliates €'000**	**Goodwill €'000**	**Total €'000**
Cost						
As of 1 January 2018	74,580	100,753	208,266	396,595	679,576	1,459,770
Additions	5,161	–	58,297	–	–	63,458
Disposals	–	–	–	–	–	–
Write-offs	–	–	(2,850)	–	–	(2,850)
Assets acquired on business combinations	117,960	4,593	–	230,520	268,121	621,194
Foreign exchange movements	1,435	880	977	4,510	13,413	21,215
As of 31 December 2018	**199,136**	**106,226**	**264,690**	**631,625**	**961,110**	**2,162,787**
Accumulated amortisation						
As of 1 January 2018	27,721	41,415	112,462	226,940	–	408,538
Provision	14,010	15,865	36,906	43,397	–	110,178
Disposals	–	–	–	–	–	–
Write-offs	–	–	(2,850)	–	–	(2,850)
Foreign exchange movements	313	396	479	1,600	–	2,788
As of 31 December 2018	**42,044**	**57,676**	**146,997**	**271,937**	**–**	**518,654**
Net book value						
As of 31 December 2018	**157,092**	**48,550**	**117,693**	**359,688**	**961,110**	**1,644,133**

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 13 – Intangible Assets continued
In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to 15 (2017: 13) cash-generating units (CGUs). Management determines which of those CGUs are significant in relation to the total carrying value of goodwill as follows:

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

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

- Markets, with a carrying value of $265.3 million, €232.0 million (2017: $265.3 million, €221.5 million)
- Services, with a carrying value of €110.1 million (2017: €95.2 million)
- Sport, with a carrying value of €132.5 million (2017: €132.5 million)
- Casino product, with a carrying value of €51.7 million (2017: €81.8 million)
- TradeTech Alpha, with a carrying value of €65.6 million (2017: €63.5 million)
- Sports B2C, with a carrying amount of €28.1 million (2017: €0.1 million)
- Snaitech, with a carrying amount of €211 million (2017: Nil)

The recoverable amounts of all the CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering one-year period to 31 December 2019 in addition to two to five years forecasts. Beyond this period, management has applied an annual growth rate of between 5% and 10% based on the underlying economic environment in which the CGU operates. Management has applied discount rates to the cash flow projections between 10.24% and 21.48% (2017: between 10.53% and 24.53%).

No impairment of goodwill has been recognised during the year (2017: €7.8 million).

The Markets CGU represents the Group's individually most significant goodwill balance. The recoverable amount of the Markets CGU has been determined using cash flow forecasts that include annual revenue growth rates of between 0% and 22% over the two to five year forecast period. The recoverable amount would equal the carrying amount of the CGU if the annual revenue growth rate was lower by 6% or the discount rate applied was higher by 1.6%. In the prior year there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write down in the Markets CGU.

The Sports B2C CGU is new as a significant CGU for the Group. The recoverable amount of the Sports B2C CGU has been determined using cash flow forecasts that include annual revenue growth rates of between 10% and 50% over the two to five year forecast period. The recoverable amount would equal the carrying amount of the CGU if the annual revenue growth rate was lower by 13% or the discount rate applied was higher by 1%.

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

Management has also reviewed the key assumptions and forecasts for the customer lists, brands and affiliates, applying the above same key assumptions. The results of the reviews indicated there was no impairment of the intangible assets at 31 December 2018.

Note 14 – Investments in Equity Accounted Associates and Joint Ventures

	2018 €'000	2017 €'000
A. Investment in joint ventures	408	1,255
Investment in equity accounted associates:		
B. Investment in associates	12,448	19,306
C. Investment in structured agreements	16,785	16,655
	29,641	**37,216**

A. Investment in joint ventures
Movements in the carrying value of the investment during the year are as follows:

	€'000
Investment in joint venture at 1 January 2018	1,255
Share of profit in joint venture	180
Return of investment	(1,027)
Investment in joint venture at 31 December 2018	**408**

Note 14 – Investments in Equity Accounted Associates and Joint Ventures continued

B. Investment in associates
Investment in BGO
In August 2014, the Group acquired 33.33% of the shares of BGO Limited, a company incorporated in Alderney, for a total consideration of £10 million (€12.5 million). In 2015 the Group invested an additional £0.7 million (€0.9 million).

The purpose of this investment is to further enhance BGO gaming applications on the Group's platform and to enable BGO to further invest in its successful brands and grow into international markets. At the reporting date the Group's NBV of investment in BGO totals €7.6 million (2017: €7.9 million).

Aggregated amounts relating to BGO Limited are as follows:

	2018 €'000	2017 €'000
Total non-current assets	–	–
Total current assets	16,711	16,905
Total non-current liabilities	(42)	(41)
Total current liabilities	(3,339)	(3,380)
Revenues	33,520	39,401
Profit/(loss) and total comprehensive income	(836)	3,128

Other individually immaterial investments
During the year the Group invested €1.7 million consideration in investment not controlled by the Group (2017: €7.3 million consideration to non-controlling investments acquired in previous years). At the reporting date the Group's NBV of the other investments totals €4.8 million (2017: €11.9 million).

Total associates:

	€'000
Investment in associates at 1 January 2018	19,306
Share of loss	(2,771)
Investment in associates in the year	1,700
Investment in associates acquired through business combination	1,908
Disposals of equity accounted associates during the year	(3,072)
Impairment of equity accounted associates	(4,623)
Investment in associates at 31 December 2018	**12,448**

C. Investment in structured agreements
During the year the Group invested in additional €0.1 million in an existing agreement (2017: additional €0.7 million in an existing agreement). During the year the Group impaired €Nil of structured agreements (2017: €7.5 million).

Movement in structured agreements:

	€'000
Investment in structured agreements at 1 January 2018	16,655
Additional investment in structured agreements in the year	130
Investment in structured agreements at 31 December 2018	**16,785**

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 15 – Equity Investments

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

	2018 €'000	2017 €'000
Investment in equity investments at 1 January	381,346	230,278
Additions during the period	37,890	–
Reclassification on acquisition of Snaitech	(37,890)	–
Proceeds from the disposal during the period	(447,194)	–
Unrealised fair value change recognised in equity	–	157,809
Realised fair value changes on disposal recognised in the statement of comprehensive income	65,691	–
Unrealised fair value changes on disposal recognised in the statement of comprehensive income	(1,738)	(467)
Translation gain	3,295	(6,274)
Investment in equity investments at 31 December	**1,400**	**381,346**

As part of the takeover of Ladbrokes Coral plc ("Ladbrokes") by GVC Holdings plc ("GVC"), the Group exchanged its shares in Ladbrokes for €205 million of GVC shares and cash consideration of €32 million. The Group subsequently sold these GVC shares for net proceeds of €254 million. In addition, the Group sold the shares in Plus500 Limited for net proceeds of €193 million.

As a result of these transactions, during the year, the Group realised a gain on disposal of €65.7 million, being the net of the fair value movements from 1 January 2018 to the date of disposal.

Additions during the period relate to purchase of shares in Snaitech prior to taking control on 5 June. Upon taking control, these shares formed part of the cost of investment (see note 29d).

	2018 €'000	2017 €'000
Equity investments include the following:		
Quoted:		
Equity securities – UK	–	378,210
Equity securities – Asia	1,400	3,136
	1,400	**381,346**

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

The maximum exposure of the equity investments to credit risk at the reporting date is the carrying value of the financial assets classified as equity investments.

Note 16 – Other Non-Current Assets

	2018 €'000	2017 €'000
Loan to affiliate	–	2,208
Rent and car lease deposits	3,155	3,779
Guarantee for gaming licences	2,713	2,000
Deferred tax	1,794	2,775
Other	8,280	9,231
	15,942	**19,993**

Note 17 – Trade Receivables

	2018 €'000	2017 €'000
Trade receivables	255,527	103,683
Less: provision for impairment of trade receivables (Note 33b)	(52,950)	(1,430)
Subtotal		
Trade receivables – net	202,577	102,253
Related parties (Note 31)	7,277	4,912
	209,854	**107,165**

Note 18 – Other Receivables

	2018 €'000	2017 €'000
Prepaid expenses	25,029	18,857
VAT and other taxes	19,533	11,326
Advances to suppliers	1,275	158
Proceeds from disposal of investment	33,390	39,426
Related parties (Note 31)	4,000	6,524
Security deposits for regulators	35,365	–
Other receivables	41,881	17,031
	160,473	**93,322**

During the year the Group provided for receivables totalling €6.4 million, which were included in related party receivables.

Note 19 – Cash and Cash Equivalents

	2018 €'000	2017 €'000
Cash at bank	586,878	558,527
Cash at brokers	26,860	17,771
Deposits	8,459	7,659
	622,197	**583,957**

The Group held cash balances which include monies held on behalf of operators in respect of operators' jackpot games and poker and casino operations and client funds with respect to B2C, CFD and client deposits in respect of liquidity and clearing activity.

	2018 €'000	2017 €'000
Funds attributed to jackpots	63,714	46,870
Security deposits	24,887	15,805
Client deposits	116,656	71,628
Client funds	104,200	37,074
	309,457	**171,377**

Note 20 – Shareholders' Equity

A. Share capital

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

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

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

B. Employee Benefit Trust

In 2014 the Group established an Employee Benefit Trust by acquiring 5,517,241 shares for a total consideration of €48.5 million. During the year 459,983 shares (2017: 450,110) were issued as a settlement for employee share option exercises with a cost of €3.8 million (2017: €3.8 million), and as of 31 December 2018, a balance of 2,125,580 (2017: 2,585,563) shares remains in the trust with a cost of €17.9 million (2017: €21.6 million).

C. Share options exercised

During the year 482,428 (2017: 479,799) share options were exercised. The Group cash-settled 14,387 share options during the year (2017: 29,689).

D. Distribution of dividend

In June 2018, the Group distributed €75,845,360 as a final dividend for the year ended 31 December 2017 (23.9 €cents per share).

In October 2018, the Group distributed €38,398,697 as an interim dividend in respect of the period ended 30 June 2018 (12.1 €cents per share). A number of shareholders waived their rights to receive dividends amounting to €956,327.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 20 – Shareholders' Equity continued

E. Reserves

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed for share capital in excess of nominal value)
Equity investment reserve	Changes in fair value of equity investments (up to 31 December 2017)
Employee Benefit Trust	Cost of own shares held in treasury by the trust
Put/call options reserve	Fair value of put options as part of business acquisition
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations
Convertible bond option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

F. Non-controlling interest

The Group acquired additional interest in a number of subsidiaries in 2018: TradeTech Markets Limited, ECM Holdings Limited, Sunfox Games GmbH and Snaitech S.P.A. The total carrying amount of the subsidiaries' net assets in the Group's consolidated financial statements on the date of acquisition was €52.2 million.

	2018 €'000
Carrying amount of non-controlling interest acquired	41,176
Consideration paid to non-controlling interest	86,932
Decrease in equity attributable to owners of the Company	**45,756**

The decrease in equity attributable to owners of the Company comprised of €45.8 million decrease in retained earnings.

Note 21 – Loans and Borrowings

The main credit facility of the Group is a revolving credit facility up to €272.0 million available until April 2021 with option for extension for one year. Interest payable on the loan is based on a margin on Euro Libor rates. As at the reporting date the credit facility drawn amounted to €Nil (2017: €200.0 million). During the year, the Group entered into a Bridge facility up to €1,040.0 million and withdrew €412.4 million relating to the acquisition of Snaitech S.p.A. This facility was subsequently refinanced by the Bond (see Note 22) and the facility was cancelled.

Note 22 – Bonds

	Convertible bonds €'000	Snai bond €'000	Bond €'000	Total €'000
As of 1 January 2018	276,464	–	–	276,464
On business combinations	–	588,955	–	588,955
Issue of bond	–	–	523,417	523,417
Repayment of bond	–	(580,605)	–	(580,605)
Notional interest expenses on convertible bonds	10,685	–	289	10,974
Gain on early repayment of bond	–	(8,350)	–	(8,350)
As at 31 December 2018	**287,149**	**–**	**523,706**	**810,855**

Convertible bonds

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

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

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

Note 22 – Bonds continued

Convertible bonds continued

Each preference share will, following its issue, be immediately delivered to Playtech plc in consideration for which Playtech plc will deliver to the converting bondholder fully paid ordinary shares of no par value in the capital of Playtech plc in respect of the preference shares.

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

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

The fair value of the liability component of the bond at 31 December 2018 was €289.2 million (2017: €342.4 million), based on readily available quoted prices.

The amortised cost of the liability component of the Bonds (including accrued interest) at 31 December 2018 amounted to €287.1 million (2017: €276.6 million), which was calculated using cash flow projections discounted at 4%.

The fair value at inception of the equity component of the bonds at 31 December 2018 was €45.4 million (2017: €45.4 million).

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

Bond – Snai bond

Through the acquisition of Snaitech, the Group obtained bond loans. This debt was recognised at acquisition at the fair value based on the market prices of the loan notes. The bonds were issued on 7 November 2016, with a fixed rate tranche of €320 million (6.375% coupon, maturity 2021) and a floating rate tranche of €250 million (three months Euribor floored at 0% plus a spread of 6%, maturity 2021). Following the acquisition by Playtech, the change of control clause within the bonds required the issuer to offer a repayment opportunity. The early redemption procedure applied in accordance with the 'change of control offer' and these bonds were fully repaid by Playtech. The total amount paid was €581 million which gave rise to a gain on the equity redemption of €8.4 million which has been recognised in the statement of comprehensive income under finance income.

Bond

On 12 October 2018, the Group issued €530 million of senior secured notes ("Notes"). The net proceeds of issuing the Notes after deducting commissions and other direct costs of issue totalled €523.4 million. Commissions and other direct costs of issue have been offset against the principal balance and will be amortised over the period of the bond.

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

The fair value of the liability component of the bond at 31 December 2018 was €516 million.

Note 23 – Provisions for Risks and Charges

	Other provisions €'000	Provisions for tax disputes, litigations, contractual risks €'000	Total provisions €'000
As of 1 January 2018	–	–	–
On acquisitions	1,917	11,339	13,256
Charged to the statement of comprehensive income	309	1,530	1,839
Utilised/realised in the year	(773)	(2,227)	(3,000)
31 December 2018	**1,453**	**10,642**	**12,095**
Due within one year or less	1,453	10,642	12,095
Due after more than one year	–	–	–
	1,453	**10,642**	**12,095**

Provision for tax disputes, litigations, contractual risks

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

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 24 – Contingent Consideration and Redemption Liabilities

	2018 €'000	2017 €'000
Non-current contingent consideration consists:		
Acquisition of ACM Group (Note 30b)	71,344	66,791
Acquisition of Quickspin AB	–	14,670
Acquisition of Eyecon Limited (Note 30a)	1,355	1,315
Acquisition of Rarestone Gaming PTY Ltd (Note 29b)	2,188	–
Acquisition of Destres GmbH (note 29c)	10,085	–
Other acquisitions (Note 29f)	3,789	4,518
	88,761	**87,294**
Non-current redemption liability consists:		
Acquisition of Consolidated Financial Holdings A/S	–	22,398
Acquisition of Playtech BGT Sports Limited	20,742	25,934
Acquisition of ECM Systems Holdings Limited	839	1,190
Other acquisitions	181	264
	21,762	49,786
Total non-current contingent consideration and redemption liability	**110,523**	**137,080**
Current contingent consideration consists:		
Acquisition of ACM Group (Note 30b)	2,403	4,601
Acquisition of Quickspin AB	14,536	9,440
Acquisition of Playtech BGT Sports Limited	5,000	4,958
Acquisition of Rarestone Gaming PTY Ltd (note 29b)	2,932	–
Other acquisitions	1,599	1,593
	26,470	**20,592**
Current redemption liability consists:		
Acquisition of Consolidated Financial Holdings A/S	21,846	–
	21,846	–
Total current contingent consideration and redemption liability	**48,316**	**20,592**

The maximum contingent consideration and redemption liability payable is as follows:

	2018 €'000
Acquisition of ACM Group	126,706
Acquisition of Quickspin AB	14,637
Acquisition of Eyecon Limited	27,825
Acquisition of Rarestone Gaming PTY Ltd	8,476
Acquisition of Destres GmbH	15,000
Acquisition of Playtech BGT Sports	100,000
Acquisition of Consolidated Financial Holdings A/S	63,890
Other acquisitions	6,434
	362,968

Note 25 – Trade Payables

	2018 €'000	2017 €'000
Suppliers	63,829	30,554
Fair value of open B2B financial trading positions	–	25,739
Customer liabilities	9,127	5,091
Other	629	585
	73,585	**61,969**

Note 26 – Deferred Tax Liability

The deferred tax liability is due to temporary differences on the acquisition of certain businesses.

The movement on the deferred tax liability is as shown below:

	2018 €'000	2017 €'000
At the beginning of the year	31,283	40,443
Arising on the acquisitions during the year (Note 29)	47,278	781
Reversal of temporary differences, recognised in the consolidated statement of comprehensive income	(5,553)	(4,592)
Reversal of deferred tax upon sale of intangible asset recognised in the consolidated statement of comprehensive income	–	(3,824)
Foreign exchange movements	384	(1,525)
At the end of the year	**73,392**	**31,283**
Split to:		
Deferred tax liability on acquisitions	103,534	31,283
Deferred tax asset	(30,142)	–
	73,392	**31,283**

Deferred tax assets and tax were offset only when there was a legal enforceable right to set off, according to IAS 12. On 31 December 2018, the Directors recognised deferred tax assets arising from temporary differences and tax losses carryforward. The recognition is based on the business plan projections of future positive results.

Note 27 – Other Payables

	2018 €'000	2017 €'000
Non-current liabilities		
Payroll and related expenses	6,671	–
Non-current guarantee deposits	1,585	–
Other	5,825	474
	14,081	**474**
Current liabilities		
Payroll and related expenses	62,403	41,322
Accrued expenses	46,686	17,923
Related parties (Note 31)	76	402
VAT payable	11,976	6,292
Other payables	16,560	4,325
	137,701	**70,264**

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 28 – Corporate, Gaming and Other Taxes Payable

	2018 €'000	2017 €'000
Income tax payable	39,751	18,254
Gambling tax	105,154	167
	144,905	**18,421**

Note 29 – Acquisitions During the Year

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

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

The Group paid total cash consideration of €12.0 million and maximum additional consideration capped at €10.0 million in cash will be payable in 2019 if the performance of the business in the period from acquisition date until 31 December 2018 meets or exceeds the Group's expectations. During November 2018, the contingent consideration was settled at €8.0 million which also accorded to management's best estimate of the amount payable at acquisition.

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

	Fair value on acquisition €'000
Intangible assets	10,520
Trade and other receivables	707
Cash and cash equivalent	173
Trade payables and other payables	(798)
Net identified assets	10,602
Goodwill	8,987
Fair value of consideration	**19,589**

	€'000
Cash consideration	12,000
Contingent consideration paid	8,000
Finance cost arising on discounting of contingent consideration	(411)
Fair value of consideration	19,589
Cash purchased	173
Net cash payable	**19,416**

Adjustments to fair value include the following:

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

The main factor leading to the recognition of goodwill with respect to the Seabrize acquisition is customer relationships that does not meet either the contractual-legal or the separable criterion of the accounting standards and, therefore, would not be recognised as a separate intangible asset from the goodwill and cost synergies. The acquisition forms part of the Services CGU and in accordance with IAS 36, the Group will regularly monitor the carrying value of its interest in Seabrize.

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

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

Management has not disclosed the Seabrize contribution to the Group profit since the acquisition, nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2018 been disclosed, because the amounts are not material.

Note 29 – Acquisitions During the Year continued

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

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

The Group paid total cash consideration of €3.4 million (US$4.2 million) and maximum additional consideration capped at €7.3 million (US$9.0 million) in cash will be payable in 2019, 2020 and 2021 based on launch date of the games and royalty income from the subject games.

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

	Fair value on acquisition €'000
Property, plant and equipment	15
Intangible assets	3,623
Cash and cash equivalent	62
Deferred tax liability	(593)
Trade payables and other payables	(1,660)
Net identified assets	1,447
Goodwill	6,978
Fair value of consideration	**8,425**

	€'000
Cash consideration	3,435
Non-current contingent consideration	2,435
Current contingent consideration	3,003
Finance cost arising on discounting of contingent consideration	(448)
Fair value of consideration	8,425
Cash purchased	62
Net cash payable	**8,363**

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	3,623	16.7

The main factors leading to the recognition of goodwill are the future games to be developed by the R&D team, assembled work force with vast experience and strong records and cost synergies. The acquisition forms part of the Casino CGU and in accordance with IAS 36, the Group will regularly monitor the carrying value of its interest in S88.

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

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

Management has not disclosed the S88 contribution to the Group profit since the acquisition, nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2018 been disclosed, because the amounts are not material.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 29 – Acquisitions During the Year continued

C. Acquisition of Destres GmbH

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

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

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

	Fair value on acquisition €'000
Property, plant and equipment	1,502
Intangible assets	173
Trade and other receivables	646
Cash and cash equivalent	2,538
Loans and borrowings	(280)
Deferred tax liability	(43)
Trade payables and other payables	(1,520)
Tax liabilities	(248)
Net identified assets	2,768
Goodwill	25,925
Fair value of consideration	**28,693**

	€'000
Cash consideration	15,358
Current contingent consideration	15,000
Finance cost arising on discounting of contingent consideration	(1,665)
Fair value of consideration	28,693
Cash purchased	2,538
Net cash payable	**26,155**

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
Betting licences	173	14

The main factors leading to the recognition of goodwill are high synergies, existing customer base and further strategic aspects. The business will form a new CGU in the B2C segment of the Group and in accordance with IAS 36, the Group will regularly monitor the carrying value of its interest in Destres.

Management has not disclosed the Destres contribution to the Group profit since the acquisition, nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2018 been disclosed, because the amounts are not material.

Note 29 – Acquisitions During the Year continued

D. Acquisition of Snaitech SpA

On 5 June 2018, the Group acquired 70.6% of the shares of Snaitech S.p.A. ("Snaitech"), the leading operator on the Italian retail betting market and one of the main players on the gaming machines market.

Up to 5 June 2018, the Group had also separately acquired approximately 9% of Snaitech's issued share capital through market purchases. On 26 July, the Group has completed the acquisitions of an additional 15.1% of Snaitech's shares through a mandatory tender offer and additional purchase of shares in the market. On 3 August, the Group has completed the acquisition of 100% of Snaitech and delisted the company from the Borsa Italia.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration in respect of the acquisition date of 5 June and goodwill, are as follows:

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

	€'000
Cash consideration	291,175
Fair value of equity holding previously held	37,890
Fair value of consideration	329,065
Cash purchased	154,947
Net cash payable	**174,118**

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 29 – Acquisitions During the Year continued

D. Acquisition of Snaitech SpA continued

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
Concession rights	116,000	11%
Customer Relationship – Gaming Machines	43,000	11%
Customer Relationship – Retail Betting	163,000	11%
Customer Relationship – Online	14,000	25%
Property, plant and equipment	187,000	3%

The main factors leading to the recognition of goodwill are the assembled work force which has vast experience and strong records, as well as other future revenue and cost synergies. In accordance with IAS 36, the Group will regularly monitor the carrying value of its interest in Snaitech.

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

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

- The Greenfield method
- The discount rate assumed is equivalent to the WACC for the concession
- The growth rates and attrition rates were based on market analysis
- The valuation is based on the management's projections that the licence will be renewed

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

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

A non-controlling interest was recognised based on the non-controlling proportionate share in the recognised amounts of the net assets of Snaitech. This has subsequently been acquired in full at the fair value of €83.7 million resulting in a transfer of €52.8 million to retained earnings.

For seven months since the acquisition, Snaitech contributed revenue of €511.9 million and a profit of €62.7 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that the consolidated revenue would have been €894.6 million and the consolidated profit for the year would have been €21.8 million. In determining these amounts, management has assumed that the fair value adjustments determined provisionally, that arose on the date of the acquisition, would have been the same if the acquisition had occurred on 1 January 2018. Acquisition related costs included in the statement of comprehensive income within administrative expenses total €13.9 million.

E. Acquisition of Piazza Hosting Services S.R.L.

On 30 November 2018, the Group acquired 100% of the shares of Piazza Hosting Services S.R.L. ("Piazza") which provides hosting services.

The Group paid total cash consideration of €6.5 million.

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

	Fair value on acquisition €'000
Property, plant and equipment	553
Other non-current assets	238
Trade and other receivables	411
Cash and cash equivalent	395
Tax liability	(8)
Trade payables and other payables	(1,031)
Net identified assets	558
Goodwill	5,942
Fair value of consideration	**6,500**

Note 29 – Acquisitions During the Year continued

E. Acquisition of Piazza Hosting Services S.R.L. continued

	€'000
Cash consideration	
Fair value of consideration	6,500
Cash purchased	395
Net cash payable	**6,105**

The main factor leading to the recognition of goodwill is the saving in future payments regarding hosting services and exclusivity and hardware in provision of the hosting services. The acquisition forms part of the Services CGU and in accordance with IAS 36, the Group will regularly monitor the carrying value of its interest in Piazza.

Management has not disclosed the Piazza contribution to the Group profit since the acquisition, nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2018 been disclosed, because the amounts are not material.

F. Other acquisitions

During the period, the Group acquired 100% of the shares of various companies. The Group paid total cash consideration of €13.1 million and additional consideration will be payable based on 2019 and 2021 EBITDA multiple. Also, the Group signed an Asset Purchase Agreement to which the Group acquired 100% of the business for a total consideration of €7.3 million.

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

	Fair value on acquisition €000
Net identified assets	3,073
Goodwill	10,264
Total fair value of consideration	**13,337**

	€'000
Cash consideration	13,122
Non-current contingent consideration	250
Finance cost arising on discounting of contingent consideration	(35)
Fair value of consideration	13,337
Cash purchased	3,014
Net cash payable	**10,323**

The main factors leading to the recognition of goodwill are the assembled workforce, with vast experience and strong record, and other future revenue and cost synergies. In accordance with IAS 36, the Group will regularly monitor the carrying value of its interest in these acquisitions.

Management has not disclosed other acquisitions' contribution to the Group profit since these acquisitions, nor has the impact the acquisitions would have had on the Group's revenue and profits if they had occurred on 1 January 2018 been disclosed, because the amounts are not material.

Note 30 – Acquisitions in Previous Year

A. Acquisition of Eyecon Limited

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

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

B. Acquisition of ACM Group Assets

On 1 October 2017, the Group acquired technology, intellectual property and certain customer assets (together "the assets") from ACM Group Limited to enhance its financial division's B2B offering to deliver a bespoke risk management and trading solution to B2B customers.

The Group paid total consideration of €4.2 million ($5.0 million) and additional consideration capped at €122.7 million ($145.0 million) in cash will be payable based on 2017, 2018 and 2019 EBITDA multiple and is payable annually over the time. During 2018, the Group paid €1.7 million based on the 2017 EBITDA.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 30 – Acquisitions in Previous Year continued

C. Other acquisitions

During the prior period, the Group acquired the shares of various companies for a total consideration of €14.4 million. One of these subsidiaries was acquired in steps additional 45% acquired in the year previous consideration of €0.8 million paid to acquire the previously recognised 35% interest in associate. A fair value movement was required on conversion to a subsidiary of €0.1 million.

Note 31 – Related Parties and Shareholders

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

On 23 November 2018, Brickington Trading Limited ("Brickington") decreased its holding to 0% (31 December 2017: 6.3%) of Playtech plc shares and the relationship agreement terminated. From this date Brickington no longer meets the definition of a related party. Accordingly, the following companies are not accounted as related parties from the same date: Skywind Holdings Limited ("Skywind"), SafeCharge Limited, Crossrider Technologies Ltd ("Crossrider"), Royalfield Limited, Selfmade Holdings, Glispa GmbH ("Glispa"), Anise Development Limited and Anise Residential Limited (together "Anise").

The transaction amounts with the above-mentioned companies reflect the period ended 27 June 2017, when they ceased to be related parties.

Mr Teddy Sagi, the ultimate beneficiary of Brickington, provided advisory services to the Group for a total annual consideration of €1. The agreement terminated on 23 November 2018.

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

The following transactions arose with related parties:

	2018 €'000	2017 €'000
Revenue including revenue from associates		
Skywind	–	720
Structured agreements and associates	29,453	21,294
Share of profit in joint venture	180	464
Share of loss in associates	(1,987)	(662)
Operating expenses		
SafeCharge Limited	–	3,612
Crossrider	–	1,314
Structured agreements	1,221	9
Anise	–	518
Skywind, net of capiltalised cost	–	334
Glispa GmbH	–	165
Interest income		
Structured agreements and associates	225	85
The following are the year-end balances:		
Structured agreements and associates	11,104	11,246
Associates and joint ventures	173	190
Total current related party receivables	**11,277**	**11,436**
Structured agreements	76	402
Total related party payables	**76**	**402**

The details of key management compensation (being the remuneration of the Directors) are set out in Note 7.

Note 32 – Subsidiaries

Details of the Group's principal subsidiaries as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	Isle of Man	100%	Main trading company of the Group, owns the intellectual property rights and licenses the software to customers
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software
Techplay Marketing Limited	Israel	100%	Marketing and advertising
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers
OU Videobet	Estonia	100%	Develops software for fixed odds betting terminals and casino machines (as opposed to online software)
Playtech Bulgaria	Bulgaria	100%	Designs, develops and manufactures online software
PTVB Management Limited	Isle of Man	100%	Management
Evermore Trading Limited	British Virgin Islands	100%	Holding company
Playtech Services (Cyprus) Limited	Cyprus	100%	Activates the ipoker network in regulated markets. Owns the intellectual property of GTS, Ash and Geneity businesses
VB (Video) Cyprus Limited	Cyprus	100%	Trading company for the Videobet product to Romanian companies
Techplay S.A. Software Limited	Israel	100%	Develops online software
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
Gaming Technology Solutions Limited	UK	100%	Holding company of VS Gaming and VS Technology
Virtue Fusion (Alderney) Limited	Alderney	100%	Online bingo and casino software provider
Virtue Fusion CM Limited	UK	100%	Chat moderation services provider to end users of VF licensees
Playtech Software (Alderney) Limited	Alderney	100%	To hold the Company's Alderney Gaming licence
Intelligent Gaming Systems Limited	UK	100%	Casino management systems to land-based businesses
VF 2011 Limited	Alderney	100%	Holds licence in Alderney for online gaming and Bingo B2C operations
PT Turnkey Services Limited	British Virgin Islands	100%	Holding company of the Turnkey Services group
PT Turnkey EU Services Limited	Cyprus	100%	Turnkey services for EU online gaming operators
PT Entertenimiento Online EAD	Bulgaria	100%	Poker & Bingo network for Spain
PT Marketing Services Limited	British Virgin Islands	100%	Marketing services to online gaming operators
PT Operational Services Limited	British Virgin Islands	100%	Operational and hosting services to online gaming operators
Tech Hosting Limited	Alderney	100%	Alderney hosting services
Paragon International Customer Care Limited	British Virgin Islands & branch office in the Philippines	100%	English customer support, chat, fraud, finance, dedicated employees' services to Parent Company
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services to Parent Company
TCSP Limited	Serbia	100%	Operational services for Serbia
S-Tech Limited	British Virgin Islands & branch office in the Philippines	100%	Live games services to Asia
PT Advisory Services Limited	British Virgin Islands	100%	Holds PT Processing Advisory Ltd
PT Processing Advisory Limited	British Virgin Islands	100%	Advisory services for processing and cashier to online gaming operators

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 32 – Subsidiaries continued

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
PT Processing EU Advisory Limited	Cyprus	100%	Advisory services for processing and cashier for EU online gaming operators
PT Network Management Limited	British Virgin Islands	100%	Manages the ipoker network
Playtech Mobile (Cyprus) Limited	Cyprus	100%	Holds the IP of Mobenga AB
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
Mobenga AB Limited	Sweden	100%	Mobile sportsbook betting platform developer
Geneity Limited	UK	100%	Develops sportsbook and lottery software
Factime Limited	Cyprus	100%	Holding company of Juego
Juego Online EAD	Bulgaria	100%	Gaming operator. Holds a licence in Spain
PlayLot Limited	British Virgin Islands	100%	Distributing lottery software
PokerStrategy Ltd.	Gibraltar	100%	Operates poker community business
Videobet Interactive Sweden AB	Sweden	100%	Trading company for the Aristocrat Lotteries VLTs
V.B. Video (Italia) S.r.l.	Italy	100%	Trading company for the Aristocrat Lotteries VLTs
PT Entertainment Services LTD	Antigua	100%	Holding gaming licence in the UK
TradeTech Markets Limited	Isle of Man	98.62%	Owns the intellectual property rights and marketing and technology contracts of the financial division
Safecap Limited	Cyprus	98.62%	Primary trading company of the financial division Licensed investment firm and regulated by Cysec
TradeFXIL Limited	Israel	98.62%	Financial division sales, client retention, R&D and marketing
ICCS BG	Bulgaria	98.62%	Financial division back office customer support
Magnasale Limited	Cyprus	98.62%	Financial division. Licensed and regulated investment firm
Stronglogic Services Limited	Cyprus	98.62%	Maintains the financial division marketing function for EU operations
Yoyo Games Limited	UK	100%	Casual game development technology
Quickspin AB	Sweden	100%	Owns video slots intellectual property
Best Gaming Technology GmbH	Austria	100%	Owns sports betting intellectual property solutions and primary trading company for sports betting
ECM Systems Ltd	UK	93.33%	Owns bingo software intellectual property and bingo hardware
Consolidated Financial Holdings AS	Denmark	75.86%	Owns the intellectual property which provides brokerage services, liquidity and risk management tool
CFH Clearing Limited	UK	75.86%	Primary trading company of CFH Group
Eyecon Limited	Alderney	100%	Develops and provides online gaming slots
TradeTech Alpha Limited	Isle of Man	100%	Regulated FCA broker providing trading, risk management and liquidity solutions
Seabrize Marketing Limited	British Virgin Islands	100%	Marketing services
Rarestone Gaming PTY Ltd	Australia	100%	Development company
Destres GmbH	Austria	100%	Operating shops in Austria
Snaitech SPA GmbH	Italy	100%	Italian retail betting market and gaming machine market
Piazza Hosting Services S.R.L	Italy	100%	Hosting services

Note 33 – Financial Instruments and Risk Management

The Group is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial performance and position. The Group's financial instruments are its cash, equity investments, trade receivables, loan receivables, bank borrowings, accounts payable and accrued expenses. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Group's financial instruments are credit risk and market price risk, which include interest rate risk, currency risk and equity price risk. The risk management policies employed by the Group to manage these risks are discussed below.

A. Market risk

Market risk changes in line with fluctuations in market prices, such as foreign exchange rates, interest rates, equities and commodities prices. These market prices affect the Group's income or the value of its holding in financial instruments.

Exposure to market risk

In the financial trading division, the Group has exposure to market risk to the extent that it has open positions. The Group's exposure to market risk at any point in time depends primarily on short-term market conditions and client activities during the trading day. The exposure at each reporting date is therefore not considered representative of the market risk exposure faced by the Group over the year.

The Group's exposure to market risk is mainly determined by the clients' open position. The most significant market risk faced by the Group on the CFD products it offers changes in line with market changes and the volume of clients' transactions.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest changes. The management monitors interest rate fluctuations on a continuous basis and acts accordingly.

Where the Group has generated a significant amount of cash, it will invest in higher earning interest deposit accounts. These deposit accounts are short term and the Group is not unduly exposed to market interest rate fluctuations.

B. Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The Group closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection of customers' balances.

The Group's main financial assets are cash and cash equivalents as well as trade and other receivables and represent the Group's maximum exposure to credit risk in connection with its financial assets.

Wherever possible and commercially practical the Group invests cash with major financial institutions that have a rating of at least A- as defined by Standard & Poors. While the majority of money is held in line with the above policy, a small amount is held at various institutions with no rating. The Group also holds small deposits in Cypriot and Spanish financial institutions, as required by the respective gaming regulators that have a rating below A-. The Group holds approximately 13% of its funds (2017: 3%) in financial institutions below A- rate and 2% in payment methods with no rating (2017: 8%).

	Total €'000	Financial institutions with A- and above rating €'000	Financial institutions below A- rating and no rating €'000
At 31 December 2018	**622,197**	**527,698**	**94,499**
At 31 December 2017	**583,957**	**520,147**	**63,810**

Trade and other receivables are carried on the balance sheet net of provisions estimated by the Directors based on prior year experience and an evaluation of prevailing economic circumstances.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 90 days before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. On that basis, no loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined other than the provision for bad debts for trade receivables.

TradeTech has no credit risk to clients since all accounts have an automatic margin call, which relates to a guaranteed stop such that the client's maximum loss is covered by the deposit. The Group has risk management and monitoring processes for clients' accounts and this is achieved via margin calling and close-out process.

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 33 – Financial Instruments and Risk Management continued

The ageing of trade receivables that are past due but not impaired can be analysed as follows:

	Total €'000	Not past due €'000	1-2 months overdue €'000	More than 2 months past due €'000
At 31 December 2018	**209,854**	**52,394**	**26,997**	**130,463**
At 31 December 2017	107,165	82,517	16,075	8,573

The above balances relate to customers with no default history and management estimate full recoverability given the provision below.

A provision for doubtful debtors is included within trade receivables that can be reconciled as follows:

	2018 €'000	2017 €'000
Provision at the beginning of the year	1,430	1,132
Charged to income statement	4,764	565
Provision acquired through business combination	50,126	–
Utilised	(3,370)	(267)
Provision at end of year	**52,950**	**1,430**

Related party receivables included in Note 17 are not past due.

C. Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk arises because the Group has operations located in various parts of the world. However, the functional currency of those operations is the same as the Group's primary functional currency (Euro) and the Group is not substantially exposed to fluctuations in exchange rates in respect of assets held overseas.

Foreign exchange risk also arises when Group operations are entered into, and when the Group holds cash balances, in currencies denominated in a currency other than the functional currency.

	In EUR €'000	In USD €'000	In GBP €'000	In other currencies €'000	Total €'000
Cash and cash equivalents	289,398	242,714	63,520	26,565	622,197
Client funds and deposits	(108,922)	(199,940)	–	–	(308,862)
Cash and cash equivalents less client funds	**180,476**	**42,774**	**63,520**	**26,565**	**313,335**

The Group's cash balances are mostly denominated in EUR and USD. Despite the fact that the Group has large amounts in USD, those balances are hedged by the fact that these balances are client's money.

The Group's policy is not to enter into any currency hedging transactions.

D. Equity price risk
The Group's balance sheet is exposed to market risk by way of holding some investments in other companies on a short-term basis (Note 14). Variations in market value over the life of these investments will have an immaterial impact on the balance sheet and the statement of comprehensive income.

E. Capital disclosures
The Group seeks to maintain a capital structure which enables it to continue as a going concern and which supports its business strategy. The Group's capital is provided by equity and debt funding. The Group manages its capital structure through cash flow from operations, returns to shareholders primarily in the form of dividends and the raising or repayment of debt.

Note 33 – Financial Instruments and Risk Management continued

F. Liquidity risk
Liquidity risk arises from the Group's management of working capital and the financial charges on its debt instruments.

At the end of 2018 the Company has met the financial covenants of the RCF, which are:

- Leverage: Net Debt/Adjusted EBITDA 3:1
- Interest cover: Interest/Adjusted EBITDA 5:1

Financial division liquidity risk
Positions can be closed at any time by clients and can also be closed by the Group, in accordance with the Group's margining rules. If after closing a position a client is in surplus, then the amount owing is repayable on demand by the Group. When client positions are closed, any corresponding positions relating to the hedged position (if applicable) are closed with brokers.

Liquidity risk arises if the Group encounters difficulty in meeting obligations which arise following profitable positions being closed by clients. This risk is managed through the Group holding client funds in separately segregated accounts whereby cash is transferred to or from the segregated accounts on a daily basis to ensure that no material mismatch arises between the aggregate of client deposits and the fair value of open positions, and segregated cash. Through this risk management process, the Group considers liquidity risk to be low.

	2018 €'000	2017 €'000
Client deposits	138,418	43,741
Open positions	(34,218)	(6,667)
Client funds	**104,200**	**37,074**

CFH trades on a matched principal basis and financial instruments are used to hedge all client positions. The management of market risk in respect of matching of derivatives is through automated tools, together with active monitoring and management by senior personnel under the supervision of its directors. CFH's liquidity obligations are monitored daily and it is adequately capitalised with a steady revenue stream to meet its day-to-day obligations. CFH client deposits balance as at 31 December 2018 was €116.6 million (2017: €71.6 million).

The following are the contractual maturities (representing undiscounted contractual cash flows) of the Group's financial liabilities:

	Total €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000
2018				
Trade payables	73,585	73,585	–	–
Progressive and other operators' jackpots	88,601	88,601	–	–
Client deposits	116,656	116,656	–	–
Client funds	104,200	104,200	–	–
Contingent consideration and redemption liability	158,839	48,316	98,097	12,426
Other payables	165,861	151,781	14,080	–
Loans and borrowings	695	489	206	–
Bonds	810,855	287,149	–	523,706
Provisions	12,095	12,095	–	–
2017				
Trade payables	61,969	61,969	–	–
Progressive and other operators' jackpots	62,675	62,675	–	–
Client deposits	71,628	71,628	–	–
Client funds	37,074	37,074	–	–
Contingent consideration and redemption liability	157,672	42,990	114,682	–
Other payables	70,544	70,544	–	–
Loans and borrowings	200,000	200,000	–	–
Bonds	276,638	–	276,638	–

NOTES TO THE FINANCIAL STATEMENTS cont.

Note 33 – Financial Instruments and Risk Management continued

G. Total financial assets and liabilities

The fair value together with the carrying amount of the financial assets and liabilities shown in the balance sheet are as follows:

	2018 €'000 Fair value	**2018 €'000 Carrying amount**	2017 €'000 Fair value	2017 €'000 Carrying amount
Cash and cash equivalent	622,197	622,197	583,957	583,957
Equity investments, contingent consideration and redemption liabilities	1,400	1,400	381,346	381,346
Other assets	386,502	386,502	198,848	198,848
Deferred and contingent consideration and redemption liability	158,839	158,839	157,672	157,672
Bonds	810,806	810,855	342,000	276,638
Loans and borrowings	695	695	200,000	200,000
Other liabilities	225,367	225,367	164,369	164,369

Equity investments are measured at fair value using level 1. Refer to Note 15 for further detail. These are the Group's only financial assets and liabilities which are measured at fair value.

Note 34 – Changes in Liabilities Arising from Financing Activities

	At 1 January 2017 €'000	Financing cash flows €'000	Non-cash items: Acquisition of subsidiary (Note 29) €'000	Non-cash items: Other changes €'000	At 31 December 2017 €'000
Loans and borrowings (Note 21)	200,000	–	–	–	200,000
Convertible bonds (Note 22)	266,230	1,485	–	8,923	276,638
Contingent consideration (Note 24)	174,290	2,312	77,674	(146,390)	107,886
Redemption liabilities (Note 24)	34,837	(3,300)	–	18,249	49,786
Total liabilities	675,357	497	77,674	(119,218)	**634,140**

	At 1 January 2018 €'000	Financing cash flows €'000	Non-cash items: Acquisition of subsidiary (Note 29) €'000	Non-cash items: Other changes €'000	**At 31 December 2018 €'000**
Loans and borrowings (Note 21)	200,000	(200,481)	1,176	–	695
Convertible bond (Note 22)	276,464	(1,485)	–	12,710	287,689
Snai bond (Note 22)	–	(580,605)	588,955	(8,350)	–
Bond (Note 22)	–	523,417	–	289	523,706
Contingent consideration (Note 24)	115,231	(22,977)	27,316	3,006	115,231
Redemption liabilities (Note 24)	43,608	–	–	6,178	43,608
Total liabilities	634,136	(259,154)	590,131	58,834	**1,023,947**

Note 35 – Contingent Liabilities

As part of the Board's ongoing regulatory compliance process, the Board continues to monitor legal, tax and regulatory developments and their potential impact on the Group. Further details in respect of the relevant judgements and estimates are included in Note 3.

The Group is involved in proceedings before civil and administrative courts, and other legal actions related to the regular course of business. On the basis of the information currently available, and taking into account existing provisions for risks (as disclosed in Note 23), the Group considers that such proceedings and actions will not result in any material adverse effects upon the financial statements.

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

Note 36 – Operating Lease Commitment

The Group has a variety of leased properties. The terms of property leases vary from country to country, although they tend to be tenant repairing with rent reviews every two to five years and many have break clauses. Total operating lease cost before capitalisation in the year was €14.8 million (2017: €17.9 million).

The total future value of minimum lease payments is due as follows:

	2018 €'000	**2017 €'000**
Not later than one year	27,347	15,564
Later than one year and not later than five years	56,365	38,606
Later than five years	76,565	9,185
	160,277	**63,355**

Note 37 – Events After The Reporting Date

On 28 January 2019, the Group acquired 100% of Areascom SpA for a total consideration of €15.5 million. Areascom is an Italian betting operator which directly manages 24 betting shops which are located in Tuscany. The principal reason for the acquisition is to develop the directly managed retail network as part of the ongoing vertical integration strategy. As at the date of the authorsation of these financial statements a detailed assessment of the fair value of the identifiable net assets has not been completed.

Playtech has agreed a multi-year extension with News UK to operate Sun Bingo, one of the UK's largest and most popular bingo sites. The collaboration with News UK was originally established in 2015, but under the new contract has been expanded to include new product verticals and has also been extended for a period of up to 15 years.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Additional paid in capital €'000	Equity investment reserve €'000	Convertible bond reserve €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2018	627,764	49,463	45,392	(976)	721,643
Changes in equity for the year			–		
Total comprehensive income for the year	–	–	–	(80,608)	(80,608)
Dividend paid	–	–	–	(113,288)	(113,288)
Exercise of options	–	–	–	(4,085)	(4,085)
Transfer on adoption of IFRS 9	–	(49,463)	–	49,463	–
Employee stock option scheme	–	–	–	9,865	9,865
Balance at 31 December 2018	**627,764**	**–**	**45,392**	**(139,629)**	**533,527**
Balance at 1 January 2017	627,764	(38,404)	45,392	138,638	773,390
Changes in equity for the year					
Total comprehensive income for the year	–	87,867	–	(43,961)	43,906
Dividend paid	–	–	–	(104,656)	(104,656)
Exercise of options	–	–	–	(3,297)	(3,297)
Employee stock option scheme	–	–	–	12,300	12,300
Balance at 31 December 2017	**627,764**	**49,463**	**45,392**	**(976)**	**721,643**

COMPANY BALANCE SHEET
As at 31 December 2018

	Note	2018 €'000	2017 €'000
NON-CURRENT ASSETS			
Property, plant and equipment		171	176
Intangible assets		169	169
Investments in subsidiaries	2	505,530	227,335
Equity investments	3	–	261,795
Other non-current assets		317	295
Trade and other receivables	4	612,930	–
		1,119,117	**489,770**
CURRENT ASSETS			
Trade and other receivables	4	546,643	762,181
Cash and cash equivalents	5	18,026	133,922
		564,669	**896,103**
TOTAL ASSETS		1,683,786	**1,385,873**
EQUITY			
Additional paid in capital		627,764	627,764
Equity investment reserve		–	49,463
Convertible bond reserve		45,392	45,392
Retained earnings		(139,629)	(976)
Equity attributable to equity holders of the parent	6	533,527	**721,643**
NON-CURRENT LIABILITIES			
Convertible bond	8	–	276,464
Bond Loan	9	523,706	–
		523,706	**276,464**
CURRENT LIABILITIES			
Short-term loan	7	–	200,000
Convertible bond short-term	8	287,149	–
Accrued Interest	9	4,356	–
Trade payables and other payables	10	335,048	187,766
		626,553	**387,766**
TOTAL EQUITY AND LIABILITIES		**1,683,786**	**1,385,873**

The financial statements were approved by the Board and authorised for issue on 20 February 2019.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

COMPANY STATEMENT OF CASH FLOWS

	2018 €'000	2017 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(80,608)	(43,961)
Adjustments to reconcile net income to net cash provided by operating activities (see below)	(489,581)	140,477
Net cash (used in)/from operating activities	(570,189)	96,516
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(82)	(91)
Proceeds from the sale of equity investments	253,899	–
Net cash from/(used in) investing activities	253,817	(91)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the holders of the parent	(113,288)	(104,656)
Issue of bonds, net of issue costs	523,417	–
Repayment of bank borrowings	(200,000)	–
Exercise of options	(4,085)	(3,297)
Net cash from/(used in) financing activities	206,044	(107,953)
DECREASE IN CASH AND CASH EQUIVALENTS	(110,328)	(11,528)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	133,922	158,478
Exchange losses on cash and cash equivalents	(5,568)	(13,028)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**18,026**	**133,922**

	2018 €'000	2017 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	64	82
Employee stock option plan expenses	630	913
Loss on disposal of property, plant and equipment	23	–
Loss on disposal of equity investments	7,896	–
Exchange loss on cash and cash equivalents	5,568	13,028
Changes in operating assets and liabilities:		
Increase in trade and other receivables	(666,374)	(28,303)
Interest accrued	15,330	10,234
Increase in trade and other payables	147,282	144,523
	(489,581)	**140,477**

Company's registered address is St George's Court, Upper Church Street, Douglas, Isle of Man, IM1 1EE.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Note 1 – Significant Accounting Policies

The significant accounting policies followed in the preparation of the financial information, on a consistent basis, are:

Accounting principles

This financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting standards and interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). In the current year the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting periods beginning on 1 January 2018.

New standards, interpretations and amendments effective from 1 January 2018

New standard impacting the Company that has have been adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to changes in the Group's accounting policies is:

IFRS 9 Financial Instruments (IFRS 9)

IFRS 9 – Financial instruments

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

Equity investments classified as available for sale financial assets under IAS 39 Financial Instruments: Recognition and Measurement have been classified as being at Fair Value through Profit and Loss, unless an irrevocable election is made on the equity investment under IFRS 9. All fair value gains in respect of those assets are recognised in the statement of comprehensive income and accumulated in retained earnings. Any balance in the equity investment reserve relating to investments now treated as Fair Value Through Profit or Loss (FVTPL) on transition have been moved to retained earnings. Previously, under IAS 39, impairments of such assets were recognised in profit or loss, and gains and losses accumulated in reserves were recycled to profit or loss on disposal.

The impairment provision on financial assets measured at amortised cost (such as trade and other receivables) have been calculated in accordance with IFRS 9's expected credit loss model, which differs from the incurred loss model previously required by IAS 39. The Company has chosen not to restate comparatives on adoption of IFRS 9 and, therefore, both of these changes have been processed at the date of initial application (i.e. 1 January 2018), and presented in the statement of changes in equity. The change to an expected credit losses model as required under IFRS 9 has had an immaterial impact on the Company.

As result of the changes in the entity's accounting policies, prior year financial statements do not have to be restated as, IFRS 9 was generally adopted without restating comparative information as no changes in numbers were deemed material to change.

On the date of initial application, 1 January 2018, the financial instruments of the Company were as follows, with any reclassifications noted:

	Measurement Category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original €'000	New €'000	Difference €'000
Non-current financial assets					
Equity securities	Available for Sale	FVTPL	261,795	261,795	–
Current financial assets					
Trade and other receivables	Amortised cost	Amortised cost	762,181	762,181	–
Cash and cash equivalents	Amortised cost	Amortised cost	133,922	133,922	–
Non-current liabilities					
Bonds	Amortised cost	Amortised cost	276,464	276,464	–
Current liabilities					
Loans and borrowings	Amortised cost	Amortised cost	200,000	200,000	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS cont.

Note 2 – Investments In Subsidiaries

	2018 €'000	2017 €'000
Investment in subsidiaries at 1 January	227,335	215,948
Additional capital contribution*	268,960	–
Employee stock option	9,243	11,387
Impairment**	(8)	–
Investment in subsidiaries at 31 December	**505,530**	**227,335**

* Additional capital contribution relates to additional investment in Playtech Software Limited relating to capital contribution as part of a long term interest free loan advanced during the year (see note 4).
** Impairment relates to Playlot Limited which was dissolved during 2018.

Details of investments in subsidiary undertakings as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	Isle of Man	100%	Main trading company, owns the intellectual property rights and licenses the software to customers.
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers.
PTVB Management Limited	Isle of Man	100%	Management Company
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
PT Turnkey Services Limited	Isle of Man	100%	Holding company of the Turnkey Services Group
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
PlayLot Limited	British Virgin Islands	100%	Distributing lottery software
Roxwell Investments Limited	Isle of Man	100%	Holds the Employee Benefit Trust
PT Gaming Limited	Isle of Man	100%	Holding company of Factime Investments Ltd
TradeTech Holdings Limited	Isle of Man	100%	Holding company of TradeTech Markets Limited, Consolidated Financial Holdings A/S and TradeTech Alpha Limited

Note 3 – Equity Investments

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

	2018 €'000	2017 €'000
Investment in equity investments at 1 January	261,795	173,928
Disposals	(253,899)	–
Realised fair value changes on disposal recognised in the income statement in the period	(7,896)	–
Unrealised valuation movement recognised in equity	–	87,867
Investment in equity investments at 31 December	**–**	**261,795**

As part of the takeover of Ladbrokes Coral plc ("Ladbrokes") by GVC Holdings plc ("GVC"), the Company exchange its shares in Ladbrokes for €205m of GVC shares and cash consideration of €32m. The Company subsequently sold these GVC shares for net proceeds of €254 million.

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

Note 4 – Trade and Other Receivables

	2018 €'000	2017 €'000
Amounts due from subsidiary undertaking	612,930	–
Total non-current	**612,930**	**–**
Other receivables	2,694	2,345
Proceeds from disposal of investment	33,390	39,426
Amounts due from subsidiary undertakings	510,559	720,410
Total current	**546,643**	**762,181**

The non-current amount relates to loans made during the current year to Playtech Services (Cyprus) Limited connected with the acquisition and refinancing of Snaitech SpA. These loans discounted to present value, bear interest 4.5% per annum and are repayable on or before 2 November 2025 and 5 June 2028.

Note 5 – Cash and Cash Equivalents

	2018 €'000	2017 €'000
Cash at bank	12,876	111,909
Deposits	5,150	22,013
	18,026	**133,922**

Note 6 – Shareholders' Equity

A. Share capital

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

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

B. Share option exercised
During the year 481,845 (2017: 479,799) share options were exercised. The Company cash-settled 14,387 share options during the year (2017: 29,689).

C. Distribution of Dividend
In June 2018, the Group distributed €75,845,360 as a final dividend for the year ended 31 December 2017 (23.9 € cents per share).

In October 2018, the Group distributed €38,398,697 as an interim dividend in respect of the period ended 30 June 2018 (12.1 € cents per share). A number of shareholders waived their rights to receive dividends amounting to €956,327.

D. Reserves
The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed for share capital in excess of nominal value)
Equity Investment reserve	Changes in fair value of equity investments (up to 31 December 2017)
Convertible bond option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

NOTES TO THE COMPANY FINANCIAL STATEMENTS cont.

Note 7 – Loans and Borrowings

The loan balance as of 31 December 2018 is €NIL (2017: €200 million). The main credit facilities of the Company are the following: (i) revolving credit facility up to €272 million available until April 2021 with option for extension for one year. Interest payable on the loan is based on a margin on Euro Libor rates. As at the reporting date the credit facility drawn amounting to €NIL (2017: €200million). During the year, the Company entered into a Bridge facility up to €1,040.0 and withdrew €412.4 million relating to acquisition of Snaitech S.p.A. This facility was subsequently refinanced by the Bond (see Note 9) and the facility was cancelled.

Note 8 – Convertible Bond

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

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

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

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

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

The fair value of the liability component, included in current borrowings (2017: non-current borrowings), at inception was calculated using a market interest rate for an equivalent instrument without conversion option of 4%.

The fair value of the liability component of the bond was €289.2 million (2017: €342.4 million), based on readily available quoted prices.

The amortised cost of the liability component of the Bonds (including accrued interest) at 31 December 2018 amounted to €287.1 million (2017: €276.6 million), which was calculated using cash flow projections discounted at 4%.

The fair value at inception of the equity component of the bonds at 31 December 2018 was €45.4 million (2018: €45.4 million).

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

Note 9 – Bond Loan

On 12 October 2018, the Company issued €530 million of senior secured notes ('Notes'). The net proceeds of issuing the Notes after deducting commissions and other direct costs of issue totalled €523.4m.

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

The fair value of the liability component of the bond as at 31 December 2018 is not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates.

Note 10 – Trade and Other Payables

	2018 €'000	2017 €'000
Suppliers and accrued expenses	9,680	3,080
Payroll and related expenses	22,751	19,224
Amounts owed to Company undertakings	302,617	165,462
	335,048	**187,766**

Note 11 – Changes in Liabilities Arising from Financing Activities

The Group has adopted the amendments to IAS 7 for the first time in 2017. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Company's liabilities arising from financing activities consist of loans and borrowings (note 7), convertible bonds (note 8) and bond loans (note 9).

A reconciliation between the opening and closing balances of these items is as follows:

			Non-cash items	
	At 1 January 2018 €'000	Financing cash flows €'000	Other changes €'000	**At 31 December 2018 €'000**
Loans and borrowings (note 7)	200,000	(200,000)	–	–
Convertible bonds (note 8)	276,638	1,485	9,026	287,149
Bond loan (note 9)	–	523,417	289	523,706
Total liabilities	476,638	324,902	9,315	**810,855**

			Non-cash items	
	At 1 January 2017 €'000	Financing cash flows €'000	Other changes €'000	At 31 December 2017 €'000
Loans and borrowings (note 7)	200,000	–	–	200,000
Convertible bonds (note 8)	266,230	1,485	8,923	276,638
Total liabilities	466,230	1,485	8,923	**476,638**

Note 12 – Related Parties

The following transactions arose between the Company and its direct and indirect subsidiary undertakings:

	2018 €'000	2017 €'000
Revenue from group companies		
Brighttech Investments S.A	1,019,589	1,709,756
TradeTech Holding Limited	2,684,310	3,882,890
Playtech Services (Cyprus) Limited	8,952,576	–
	12,656,475	**5,592,646**
Operating expenses incurred from group companies		
PTVB Management Limited	15,155,089	13,454,391
PT (Jersey) Limited	1,409,341	2,344,803
	16,564,430	**15,799,194**

The Company also had outstanding balances due from and to direct and indirect subsidiaries at the reporting date. All balances are repayable on demand, with the exception to loans made during the current year to Playtech Services (Cyprus) Limited connected with the acquisition and refinancing of Snaitech SpA. These loans are repayable on or before 2 November 2025 and 5 June 2028. The balances summarised by maturity are included below:

	2018 €'000	2017 €'000
Receivables		
Due on demand	510,559	720,410
Due in over 5 years	612,930	–
	1,123,489	**720,410**
Payables		
Due on demand	**302,617**	**165,462**

FIVE-YEAR SUMMARY

	2018 €'000	2017 €'000	2016 €'000	2015 €'000	2014 €'000
Income statement					
Total revenues	1,240.4	807.1	708.6	630.1	457
Associate income	–	–	–	–	–
Gross income	1,240.4	807.1	708.6	630.1	457
Adjusted EBITDA	343.0	322.1	302.2	251.9	207.1
Adjusted net profit	256.2	231.4	202.9	205.9	190.8
Balance sheet					
Non-current assets	2,101.2	1,569.8	1,383.7	1111.9	494.2
Current assets	992.5	784.4	692.5	960.3	759.8
Current liabilities	1,017.6	547.9	260.2	195.3	105
Non-current liabilities	725.6	447.9	716.3	616.2	275.7
Net assets	1,350.5	1,358.5	1,099.7	1260.7	873.2
Equity					
Additional paid in capital	627.8	627.8	627.8	638.2	324.8
Available-for-sale reserve	–	103.2	(51.1)	2	0.8
Reserve for re-measurement of employee termination indemnities	0.1	–	–	–	–
Employee benefit trust	(17.9)	(21.6)	(25.4)	(27.5)	(36.2)
Convertible bonds option reserve	45.4	45.4	45.4	45.4	45.4
Put/Call options reserve	(30.8)	(31.3)	(34.3)	–	–
Foreign exchange reserve	(8.2)	(28.7)	16.8	3.3	–
Retained earnings	726.3	649.5	498.8	592.1	537.7
Non-controlling interest	7.8	14.2	21.7	7.3	0.7
Statistics					
Basic adjusted EPS (in euro cents)	81.3	73.6	64.6	67.5	65.9
Diluted adjusted EPS (in euro cents)	72.9	66.8	58.8	61.8	65.6
Ordinary dividend per share (in euro cents)	24.1	36.0	32.7	28.5	26.4
Share price low/high	370.0p/882.2p	768p/1006.0p	710.5p/946.5p	636p/924p	579p/836.5p

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