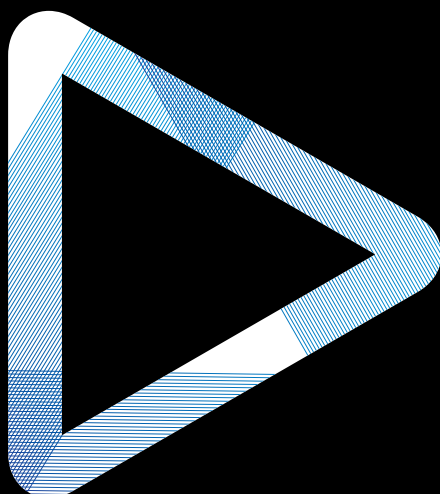




PLAYTECH: A PLATFORM FOR GROWTH

PLAYTECH IS THE LEADING TECHNOLOGY, PLATFORM AND SERVICES PROVIDER TO THE GAMBLING AND FINANCIAL TRADING SECTORS. FOUNDED IN 1999 AND LISTED ON THE MAIN MARKET OF THE LONDON STOCK EXCHANGE, PLAYTECH HAS OFFICES IN 17 COUNTRIES WITH C. 5,000 EMPLOYEES.



WELCOME TO PLAYTECH

“Playtech is committed to designing, developing and providing, the world's best and most responsible gambling and financial trading technology. As a global FTSE 250 company we recognise that understanding the needs of all our stakeholders is critical to creating long term value, and maintaining our position as a leader in regulated markets.

“I am very excited about the future of our industry and the growth of Playtech. Our continued commercial success should not only be about growing our business, but also about the way we do business.”

Mor Weizer
Chief Executive Officer



GAMING
DIVISION

🕒 Page 21



TRADETECH
GROUP

🕒 Page 37



 CFH LIQUIDITY SOLUTIONS The most advanced and best-performing liquidity technology and liquidity control tools, powered by CFH Clearing.	 MULTI DEVICE FUNCTIONALITY Cutting-edge platforms on the web or via mobile and tablet (Android and iOS) for seamless on-the-go trading.	 RISK MANAGEMENT Bespoke risk management tools and solutions, which are developed and optimised in-house by our experts.
 PROPRIETARY SOFTWARE Experience in the Online Trading field delivers tailor-made software solutions for optimal results.	 DATA DRIVEN INTELLIGENCE Data driven intelligent CRM, Back Office (B.O) and front-end trading capabilities.	 DEDICATED SUPPORT PERSONNEL Highly skilled and experienced support professionals for customer assistance.
Read more about TradeTech Group on page 37		



PRODUCT: **ROULETTE**
VERTICAL: **LIVE CASINO**
CHANNEL: **LAPTOP**
LOCATION: **CAFE**



PRODUCT: **HORSE RACING**
VERTICAL: **SPORTS**
CHANNEL: **SSBT**
LOCATION: **RETAIL SHOP**

EXCELLENCE THROUGH INNOVATION

WHAT SETS US APART

GAMING DIVISION

 A UNIQUE OFFERING Omni-channel offers users a unique and seamless journey across products and channels through technology.	 INNOVATION Our investment into R&D is enhancing the digitalisation of gaming and extending our lead against the competition.	 UNDERSTANDING REGULATION We work closely with regulators to ensure they understand the impact of technical changes and specific local requirements.
 SUCCESSFUL LEADERSHIP A strong, experienced and successful leadership team, together with a management structured to implement strategy and deliver results.	 TRACK RECORD OF GROWTH We have a strong track record of growth across our business through a combination of organic growth and the acquisition of complementary businesses, technology and content.	 SHAREHOLDER RETURNS We are committed to returning value to shareholders, as evidenced by the strong compound growth in our regular dividends.
🕒 Read more about the Gaming division & our Omni-channel philosophy on page 21		



PRODUCT: **AGE OF THE GODS BINGO**
VERTICAL: **BINGO**
CHANNEL: **MOBILE**
LOCATION: **STREET**



PRODUCT: **GOD OF STORMS:
AGE OF THE GODS SLOTS**
VERTICAL: **CASINO**
CHANNEL: **TABLET**
LOCATION: **BUS**

STRATEGIC REPORT

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

What sets us apart	IFC
2017 at a glance	02
Chairman's statement	05
The way we do business	06
Life at Playtech	08
Business model and strategy	10
Chief Executive Officer's review	12
Group financial and operational highlights	20

GAMING DIVISION

Our industry	22
Q&A with Mor Weizer	24
Omni-channel technology suite	26
Our studios	28
Omni-channel products	30
Our services	34

TRADETECH GROUP

TradeTech Group	37
Q&A with Ron Hoffman	40
TradeTech Group highlights	42
Products and platform	44
Financial review	48
Risks and uncertainties	54
Regulation and responsibility	58

GOVERNANCE

The Board believes that high standards of corporate governance contribute to Playtech's performance and continued success. In this section we discuss the way the Board runs itself and its committees, and how decisions are taken at Playtech.

Chairman's introduction to governance	67
Board of Directors	68
Directors' governance report	70
Audit Committee report	77
Remuneration report – annual statement	80
Remuneration Policy report	83
Annual report on remuneration	88
Directors' report	95

FINANCIAL STATEMENTS

The financial statements provide an analysis of our financial results and full audited accounts for the 2017 financial year.

Independent auditors' report	103
Consolidated statement of comprehensive income	110
Consolidated statement of changes in equity	111
Consolidated balance sheet	112
Consolidated statement of cash flows	113
Notes to the financial statements	115
Company statement of changes in equity	157
Company balance sheet	158
Company statement of cash flows	159
Notes to the Company financial statements	160
Five-year financial summary	164



PRODUCT: **POKER TOURNAMENT**
VERTICAL: **POKER**
CHANNEL: **MOBILE**
LOCATION: **HOME**



PRODUCT: **TIKI PARADISE SLOTS**
VERTICAL: **CASINO**
CHANNEL: **RETAIL**
LOCATION: **RETAIL CASINO**



PRODUCT: **FOOTBALL ACCUMULATOR**
VERTICAL: **SPORTS**
CHANNEL: **MOBILE**
LOCATION: **AT THE MATCH**

A YEAR OF PROGRESS

2017 AT A GLANCE

**PLAYTECH AND CAPTAIN UP
COLLABORATE IN NEW
STRATEGIC PARTNERSHIP****JANUARY**

Playtech agreed a strategic partnership with Captain Up, the real-time engagement and retention platform, that will enable licensees to further incentivise, analyse and reward their players using cutting-edge gamification, social and communication tools.

The Captain Up platform employs social gaming mechanics to increase player engagement and lifetime value. These include challenges, tournaments, community feeds, badges, levels, leaderboards, in-app messaging and more, all in real-time, and customised to a specific operator and player journey. This will allow Playtech licensees to create further loyalty through the use of gamification, in-game communication, social and analysis tools.

**RANK GROUP AGREES PLAYTECH
BINGO RENEWAL****JANUARY**

Mecca Bingo agreed terms to renew its bingo and games contract with Playtech, further extending its longstanding relationship. The multi-year agreement strengthens a more than a decade-long partnership between the Rank Group-owned brand and Playtech. Playtech Bingo retained its position as the exclusive provider of bingo and games for the leading UK brand, while the extension also covers the provision of dedicated content development giving Mecca a significant point of market differentiation.

**PLAYTECH FIRST TO LAUNCH
ONLINE CASINO IN CZECH
REPUBLIC WITH FORTUNA****FEBRUARY**

Playtech became the first supplier to launch online casino in the Czech Republic with the rapidly expanding Fortuna brand. In February 2017 the Czech Ministry of Finance granted Fortuna the country's first ever licence to operate 'online technical games'.

The operator has since gone live with a large selection of Playtech's online and mobile slot and table games content.

**PLAYTECH AND WARNER BROS.
CONSUMER PRODUCTS TEAM UP
FOR EXCLUSIVE DC-BRANDED FILM
AND TV CONTENT DEAL****FEBRUARY**

Playtech signed a multi-year, exclusive branded games content deal with Warner Bros. Consumer Products, on behalf of DC Entertainment, to license and develop an extensive catalogue of iconic DC-branded film and television properties into Omni-channel casino games.

Drawing from the worlds of such Warner Bros. Pictures titles as Batman v Superman: Dawn of Justice, The Dark Knight Trilogy, Suicide Squad and the Studio's 2017 action adventure Justice League, Playtech, will develop a series of Omni-channel DC-branded slot, bingo and roulette games, available across multiple channels and devices.

**BETFRED.COM AGREES MULTI-YEAR
PLAYTECH CONTRACT EXTENSION****FEBRUARY**

Betfred.com agreed to extend its decade-long partnership with Playtech until beyond 2020. The multi-year extension includes the renewal and extension of Playtech's landmark casino content, progressive jackpots and access to more than 600 of the industry's best-performing games including a host of branded titles from Warner Bros.

**ACQUISITION OF BINGO SLOTS
SPECIALIST EYECON****FEBRUARY**

Playtech acquired the entire issued share capital of Eyecon Limited and Eyecon Pty. Ltd (together "Eyecon"), a specialist supplier of online gaming slots software to an international customer base, for a maximum total consideration of £50 million.

Eyecon was founded in Brisbane, Australia in 1997 and is a specialist software supplier with a particular focus on bingo audiences with an established games portfolio of over 70 games. Eyecon has also developed its own Remote Gaming Server (RGS) which enables it to distribute its content direct to operators and via distributors, such as 888 Holdings plc and Virtue Fusion, Playtech's bingo network.

**PBS EXTENDS PADDY POWER
SPORTS AGREEMENT****APRIL**

Playtech BGT Sports (PBS), extended its multi-year contract with Paddy Power.

Paddy Power is set to increase the number of SSBTs to meet customer demand, drive more in-play betting opportunities, and build upon retail performance with the incremental revenue growth that each terminal offers.

**ACQUISITION OF ACM
GROUP ASSETS****APRIL**

Playtech announced it acquired technology, intellectual property and certain customer assets from ACM Group Limited (known in the industry as 'Alpha' or 'ACM') as it continues to enhance its Financials division's B2B offering.

As a result of the acquisition of the assets a team from Alpha will join the TradeTech Group and the brand TradeTech Alpha will be created to deliver a bespoke risk management and trading solution to B2B customers.

**PBS EXPANDS SSBTS ACROSS
INDEPENDENT OPERATORS****JUNE**

Playtech BGT Sports (PBS), signed new deals with BG Bet, Wilf Gilbert, Victoria Gate Casino, Sean Graham and Star Sports Mayfair.

Independent operators Corbett's, Toals, Bet Sid, Toolan's, GR8Odds and S&D all extended their existing deals in 2017.

**PBS EXTENDS SSBTS AGREEMENT
WITH BETFRED****JUNE**

Playtech BGT Sports (PBS), extended its SSBTs agreement with Betfred to expand its coverage across the bookmaker's entire retail estate. As part of the deal, PBS will supply an additional 570 terminals to the UK bookmaker, which takes its total number to over 2,800 across its 1,700-strong estate.

**PLAYTECH AGREES CAESARS
ENTERTAINMENT EMEA CASINO
MANAGEMENT DEAL****JUNE**

Playtech signed a large-scale casino management system agreement with Caesars Entertainment EMEA across eight landmark UK properties including Empire Casino in central London.

Playtech Casino retail specialist IGS will replace Caesars' legacy technology with its cutting-edge proprietary Neon Enterprise system that will give the casino group complete control across its entire operation that covers eight properties, 178 gaming tables and 427 electronic terminals in London, Mayfair and across its UK estate.

**SKY BET AGREES MULTI-PRODUCT
RENEWAL WITH PLAYTECH****JULY**

The contract extends across an exclusive Playtech Casino, exclusive dedicated Live Casino environment, Bingo and dedicated Bingo game and network development.

Sky Betting & Gaming is a long-standing Playtech partner that has witnessed significant year-on-year growth within its gaming, live and bingo verticals as well as showing great innovation and success within its marketing of Playtech products. Early in 2017 the operator won Playtech's inaugural Playtech Award that recognises and rewards marketing excellence and innovation across the Playtech Casino network of global licensees. As a result of its performance, excellence and uplift in Live, Sky Casino received the top prize of one month's exclusivity on a new Playtech game as well as £50,000 in marketing budget contribution.

**WILLIAM HILL & GALA BINGO WIN
PLAYTECH AWARDS 2017****OCTOBER & SEPTEMBER**

William Hill and Gala Bingo have won the first two Playtech Awards of 2017 for marketing excellence and innovation.

William Hill won the Spring Playtech Award for its success in integrating and launching the Playtech Single Wallet across its sports and casino products and across all channels, enabling players to experience a single, seamless balance and significantly improving cross-sell and the overall customer journey.

In September, Gala Bingo won this year's Autumn Playtech Award for the success of its innovative Cashpot games suite with enhanced jackpot functionality.

**PLAYTECH ACQUIRES RESPONSIBLE
GAMBLING SOFTWARE PROVIDER
BETBUDDY****OCTOBER**

In October 2017 Playtech agreed the acquisition of Responsible Gambling software specialist BetBuddy for an undisclosed fee. The addition of BetBuddy's machine learning and Artificial intelligence software into Playtech's data driven IMS platform will deliver an innovative Responsible Gambling solution to operators globally.

**PLAYTECH LAUNCHES EXCLUSIVE
CASINO AND POKER AGREEMENT
WITH CASINO BARCELONA****NOVEMBER**

Casinobarcelona.es launched a new and exclusive online and mobile Playtech casino and went live on Playtech's iPoker.es joining a host of well-known brands on Spain's largest poker network.

Casinobarcelona.es is a renowned land-based venue and gaming brand in Spain that opened its online casino in 2012.

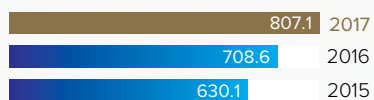
**NEXT
GENERATION
STUDIO****PLAYTECH COMPLETED
MIGRATION OF DEDICATED
LIVE CASINO ROOMS TO ITS
NEXT GENERATION STUDIO
IN RIGA, LATVIA**

The move to the new facility began in mid-2016 with the acquisition of a prime 8,500 square metre capacity site built on top of the city's fortified 16th century walls in the heart of Riga Old Town, a site that dwarfs any existing Live Casino area in the market today.

Intensive work immediately began on converting the site into a state-of-the-art, next-generation Live Casino studio. The magnitude of the task was made even greater as the core studio had to simultaneously maintain existing operations while the new site was developed, built and gradually opened using a meticulously planned, phased approach.

A POSITION OF STRENGTH

REVENUE (€M)



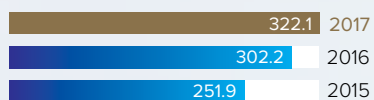
€807.1 m
2017

GROUP REGULATED REVENUE (%)



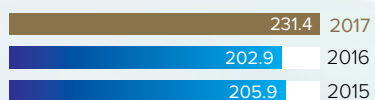
54%
2017

ADJUSTED EBITDA (€M)



€322.1 m
2017

ADJUSTED NET PROFIT (€M)



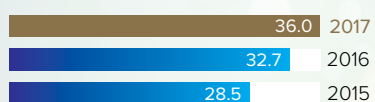
€231.4 m
2017

ADJUSTED DILUTED EPS (€C)



66.8 €cents
2017

TOTAL DIVIDEND PER SHARE (€C)



36.0 €cents
2017

📖 Read our full operational and financial highlights on page 20

A POSITION OF STRENGTH

CHAIRMAN'S STATEMENT



Management is confident 2017 has delivered a strong platform for strategic progress in 2018.

Alan Jackson
Chairman

The strength of Playtech's model was evident again as the Group delivered double digit top line growth despite significant headwinds faced in the year.

One of the key pillars of Playtech's strategy has been its ability to continually improve the quality of earnings both organically and through acquiring strategically important targets in regulated and soon-to-be regulated markets. These acquisitions, such as BGT and ECM in 2016, have augmented the growth of regulated revenue by deepening the retail channel in Playtech's Omni-channel offering and delivering new opportunities in the regulated and newly regulated markets. This strategy has delivered consistent growth in the Company's regulated revenue which grew to 54% in 2017. As outlined at the trading update in November, the M&A pipeline is very strong and Management and the Board are confident it will continue to diversify Playtech's revenue base.

Operationally 2017 was another year of significant progress for Playtech as the Company continues to execute on its industry leading Omni-channel solution.

The integration of Playtech BGT Sports (PBS) is an important milestone for the Company and has created a fully integrated best-in-class sports technology solution. Integrated with the strength of the Casino vertical, via Playtech's single platform, we have already seen the Sports division win new landmark clients, including leading Portuguese operator SAS, post period end. Moreover, the completion of the migration to our new Live Casino facility in Riga gives Playtech a competitive advantage in a fast-growing part of the industry.

Momentum reported in TradeTech Group continued with improvements across all KPIs, including revenue and EBITDA growth. Given Playtech's experience in the Gaming industry the Financials division has been an early adopter of regulation in its industry and is therefore strategically well positioned for the potential incoming ESMA measures. Moreover 2017 saw TradeTech consolidate its B2B offering creating a full turnkey financial trading solution which Management believes is strategically well placed to benefit from the consolidation further regulation will bring to the sector.

To reflect the Board's confidence in the growth and cash generation of the business Playtech adopted a progressive dividend policy in 2016. One of the pillars of the Playtech model is its ability to convert its operational performance into strong cash generation and this has allowed a 10% increase in the full year dividend per share for 2017.

Management is confident 2017 has delivered a strong platform for strategic progress in 2018 through both organic and inorganic opportunities.

Alan Jackson
Chairman

22 February 2018

RESPONSIBLE GAMBLING

THE WAY WE DO BUSINESS

Committing to responsible business practices is not just the right thing to do – it is critical to our long-term commercial success.



We strive to conduct business and create products and services that prevent gambling from becoming a source of crime, ensure that gambling is conducted in a fair and open way and protect young people and other vulnerable persons from being harmed or being exploited from gambling.

Playtech is also committed to provide a safe, fun and empowering experience and to develop and offer best in class tools and data that can help raise industry standards to:

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



Playtech's integrated management system (IMS) provides operators and licensees with the latest responsible gambling protocols. The IMS includes controls to ensure fair play through fraud-detection services and responsible gambling tools for players.

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.

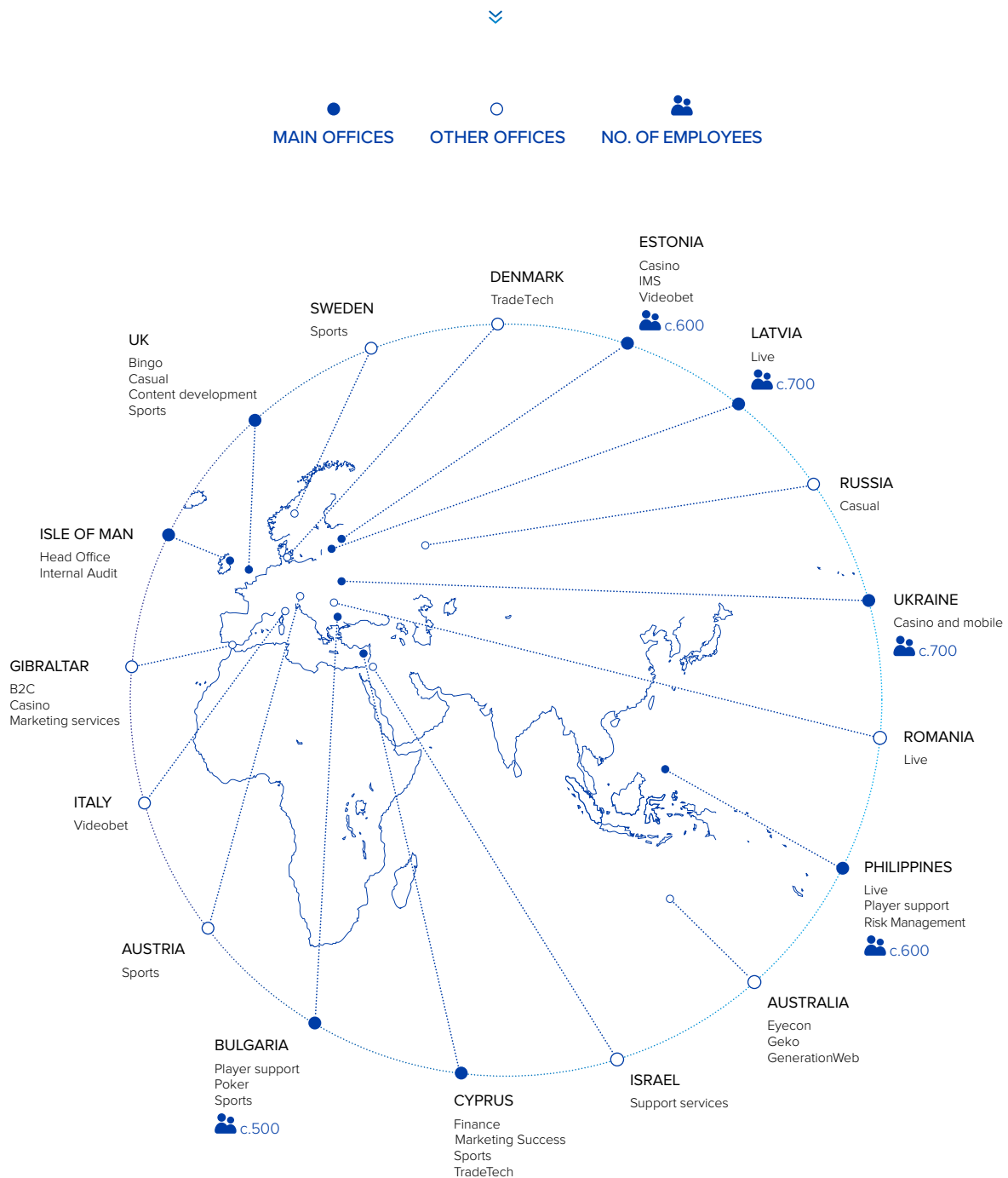
PERFORMANCE

WE DELIVER OUTSTANDING PERFORMANCE IN THE CONTEXT OF THE LEGITIMATE AND REALISTIC EXPECTATIONS OF OUR CUSTOMERS AND SHAREHOLDERS.

OUR GLOBAL NETWORK

LIFE AT PLAYTECH

Playtech people work hard, invest their time and expertise in us and in our technology, in innovation and in our philosophy. In return, we invest our passion in them, and offer a fun, creative, rewarding and inspiring environment giving them the freedom to express themselves. Our source of success is our people, and so our success is shared with our people.



OUR CODE

**RESPECT**

We expect everyone who works at Playtech, no matter what level within the Company structure, to respect one another at all times.

**DIVERSITY & INCLUSION**

Approximately 5,000 people in 17 different countries, from diverse backgrounds, cultures and nationalities, work to make Playtech great.

**HEALTH, SAFETY & WELL-BEING**

The health and welfare of every one of our employees is paramount to a positive, engaged and productive business environment and culture.

**HUMAN RIGHTS**

We are committed to upholding and promoting human rights across our global operations and our supply chain.



SPOTLIGHT: GIRLS IN TECH GIBRALTAR – EMPOWERING THE NEXT GENERATION OF WOMEN IN TECH

Playtech is proud to support the launch of the Girls in Tech Gibraltar chapter, which opened its doors in early 2017. The chapter, which is part of a global network of 64+ chapters across the globe, was established to inspire, engage and empower women in STEM fields.

Throughout the year, the Gibraltar chapter delivered a wide range of events to facilitate exchange of experiences and inspiring stories, to build new programming skills and to help deliver solutions for social challenges.

This year's chapter sponsored a 'Hacking for Humanity' initiative to engage local communities and charities on their challenges in order to explore and create innovative and forward-thinking solutions for important causes. Participating charities included Childline, Animals in Need and Understanding Gibraltar. The Gibraltar Finance Centre joined the sponsors list and provided monetary prizes for the top three places, with first place receiving £2,000 in prize money for their winning solution that provided a complete and modern solution to replace Childline's legacy call centre and management software. This initiative would lead to positive and sustainable benefits in the future.

📖 Read more on **Girls in tech** on page 64

HOW WE CREATE VALUE

BUSINESS MODEL AND STRATEGY

OUR VALUABLE ASSETS



OUR FINANCIAL STRENGTH

Playtech has a proven track record of driving shareholder returns through efficient use of capital – augmenting growth through investment in technology and strategic M&A.

[Read more](#) on page 48



OUR SOFTWARE

We continually invest in innovative software, encouraging access to best-in-class products for all of our customers.

[Read more](#) on page 26



OUR PEOPLE

Our people make Playtech the success it is and will be in the future. Inclusion and freedom of ideas and identity are central to what we do.

[Read more](#) on page 58



OUR SERVICES

Our market leading services offer all-encompassing solutions across all platforms for our clients.

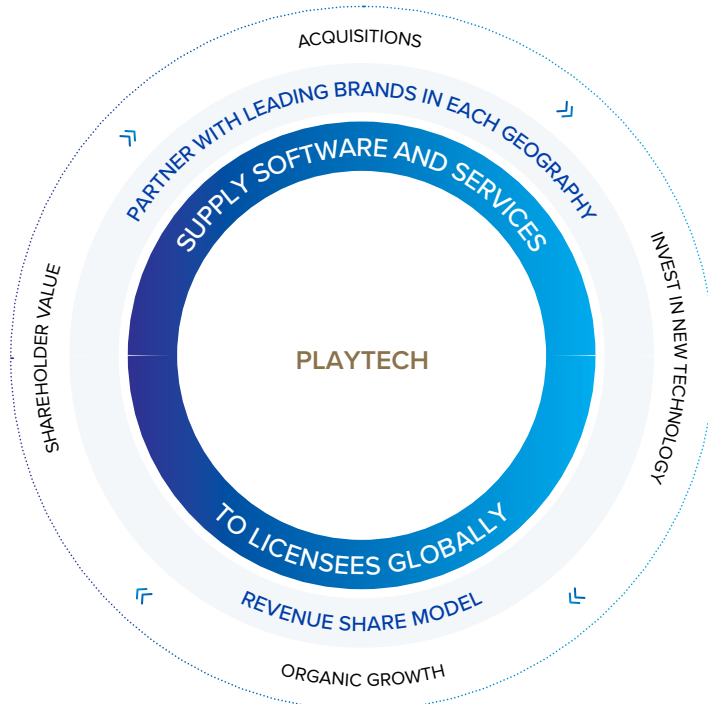
[Read more](#) on page 34

WHAT WE DO

Playtech provides engaging and innovative gambling products and services across the gambling value chain.

Our vision is to remove the technology barrier for our customers, while keeping them at the forefront of innovation.

Our business model and strategy is to partner with and invest in the leading gambling brands in each geography.



BUSINESS MANAGEMENT & MONITORING

REGULATION AND RESPONSIBLE BUSINESS

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

[Read more](#) on page 58

PILLARS OF OUR GROWTH STRATEGY

**SUPPORT ORGANIC GROWTH**

The depth and breadth of Playtech's offering means that we are able to partner with our licensees in entering new product verticals and new geographies.

**CROSS-SELL PRODUCTS AND SERVICES**

Playtech's industry leading IMS and BI management systems allow licensees to enhance their customer journey, service and, ultimately, their cross-sell ability. In 2017 Playtech launched its new Sports division, Playtech BGT Sports, the new Live Casino studio in Riga and GPAS and Marketplace.

**ATTRACT NEW LICENSEES**

The value of Playtech's market leading offering is reflected in the continued momentum of attracting new licensees. Playtech has an impressive track record of adding new licensees every year – attracted by our unique Omni-channel offering and the quality of software and technology.

**INCREASING PRODUCT, SERVICE AND DISTRIBUTION CAPABILITIES**

Playtech's philosophy is to offer all product verticals across all distribution channels. Playtech invests to expand its offering to support its licensees with new technologies, avenues to market and products. In 2017 Playtech launched new Sports division, Playtech BGT Sports, the new Live Casino studio in Riga and GPAS and Marketplace.

**IMPROVE QUALITY OF EARNINGS**

A strategic focus for Playtech is to continue to grow its regulated revenue. This has been increasing steadily in the last few years and in 2017 the proportion of regulated revenues at Group level stood at 54%.

**ACQUISITIONS REMAIN KEY**

Playtech has an outstanding acquisition track record, investing in new technology, exciting content, new products and new geographies. Companies have mostly been acquired on an earn-out basis, enabling Playtech to leverage its existing business and licensee base to create strong synergies. Playtech is focused on making further acquisitions to gain market share in key growth markets and further improve the quality of earnings.

RISK MANAGEMENT

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

[Read more](#) on page 54

GOVERNANCE

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

[Read more](#) on page 67

A PLATFORM FOR GROWTH

CHIEF EXECUTIVE OFFICER'S REVIEW



Playtech has continued to execute its strategy to improve the quality of Group earnings and has made strategic progress in key growth areas.

Mor Weizer

Chief Executive Officer

54%

Group revenue from regulated markets
(2016: 48%)

18%

Growth in Group revenue at constant currency

GAMING DIVISION

➤ See our full divisional highlights on page 20

5%

Group revenue growth excluding acquisitions at constant currency

49%

B2B Gaming margin
(Group margin: 40%)

A UNIQUE OFFERING

Omni-channel offers users a unique and seamless journey through technology and compliance tools.

[Read more](#) on page 26

AT THE FOREFRONT OF INNOVATION

Our investment into R&D is enhancing the digitalisation of gaming and extending our lead against the competition.

[Read more](#) on page 24

A TRACK RECORD OF GROWTH

We have a strong track record of growth across our business through a combination of organic growth and the acquisition of complementary businesses, technology and content.

[Read more](#) on page 48

COMMITTED TO REGULATION

We work closely with regulators to ensure they understand the impact of technical changes and specific local requirements.

[Read more](#) on page 58

SUCCESSFUL LEADERSHIP

A strong, experienced and successful leadership team, together with a management structured to implement strategy and deliver results.

[Read more](#) on page 68

HIGH SHAREHOLDER RETURNS

We are committed to returning value to shareholders, as evidenced by the strong compound growth in our regular dividends.

[Read more](#) on page 20

OVERVIEW: A POSITION OF STRENGTH IN THE INDUSTRY

I am pleased to report that Playtech enjoyed another year of operational success and as a result finds itself in a position of strength at the end of 2017. Despite headwinds in regulated revenue in H1 2017 and the disruptions in unregulated markets experienced in the second half of 2017, the strength of the underlying Playtech business was demonstrated by the 18% revenue growth for the Group at constant currency.

Moreover, given the operational progress in our Playtech ONE Omni-channel offering reported in 2017, Playtech is in an important strategic position going in to 2018. The strength of the new Live and Sports offerings has delivered immediate results with new contract wins in Casino and Live and our first online sports book licensees for PBS following the restructuring of our sports division. Management believe that Playtech ONE is at equal strength across all key product verticals and will provide Playtech with a strategic advantage in winning new licensees in key regulated and regulating markets in coming years.

Importantly, the strength of our balance sheet and cash flows means Playtech can continue to invest in our proven approach in strategic, fast growing, markets in Europe and Latin America by delivering and running integrated online and retail solutions to the 'local heroes' in these markets. It is these land-based operators that are best placed to lead the growth of the new online markets. This will continue to drive the improvement in the quality of earnings we saw in 2017, with regulated revenue now reaching 54% of Group revenue in 2017 and set to continue to grow. Moreover, the growth of these important markets will also drive the geographical diversification of Playtech's revenue base, an important strategic objective for management in 2018.

Finally, we operate in a rapidly changing and dynamic industry and it is important that we continue to invest in the evolution of the Playtech technology and offering. The acquisition of BetBuddy in 2017 adds ever greater Responsible Gambling functionality to our platform, providing further support to licensees in developed markets that are facing increased responsibilities in compliance and regulation.

Moreover, the launch of our new Gaming Platform as a Service (GPAS) and Marketplace represent the next stage of evolution of the Playtech platform, ensuring that it is Playtech's technology which remains the architecture of the industry.

REGULATION

Regulation continues to be one of the biggest influences in the gambling industry worldwide, shaping the growth in each territory. Playtech's strategy has been to invest in regulated markets, through organic growth and acquisitions and this resulted in regulated gaming revenue increasing to 49% in 2017 from 42% in 2016.

Given the growth experienced in mature regulated markets, such as the UK, Playtech's strategy is to focus on investing in fast growing newly regulated or regulating markets. During the period, we concentrated on supporting the organic growth of our customers in Italy, Spain, Finland, Denmark, Mexico, Columbia and Romania. Moreover, our strategy of partnering with the leading retail brands in newly regulated markets continued as we became the first supplier to launch online casino in the Czech Republic with the expanding Fortuna brand in January 2017.

CHIEF EXECUTIVE OFFICER'S REVIEW CONT.

REGULATION CONTINUED

The Playtech ONE Omni-channel offering is uniquely placed to support new and existing licensees in newly regulated markets.

Playtech provides all the capabilities across the gambling value chain from software and services to direct customer acquisition and marketing capabilities, offering a seamless platform across all gambling verticals and with customer entry points in retail and online. This makes Playtech the partner of choice for the leading land based operators that are best placed to lead the newly regulated online markets.

This was demonstrated post period end in January 2018 when Playtech signed an agreement to provide Sociedade de Apostas Sociais (SAS) with its new online sports book and online casino platform, all integrated through Playtech's IMS player management system. SAS is majority owned by Santa Casa, Portugal's national lottery provider, and the launch of an online casino and sports betting offering follows regulation of online gambling in Portugal in late 2016.

In the second half of 2017 the Company experienced a slowdown in Malaysia due to changing market conditions. Our strategic position on Asia is unchanged. We operate a risk based approach where our legal and compliance teams are consistently reviewing the regulatory environment to ensure that our presence is commercially beneficial to the Group. As outlined at the trading update in November 2017 the Board and Management is focused on continuing to diversify its revenue base by investing in fast growing regulated and regulating markets in Europe and Latin America through organic growth and M&A. This strategy will continue to drive the growth in Playtech's regulated revenue streams and will diversify the geographical make-up of our revenue base.

FUTURE MARKETS

Between 2018 and 2019 licensing regimes are expected to be introduced in major European countries including the Netherlands, Sweden, Switzerland and some commentators expect significant steps forward in Germany. Playtech already has an agreement in place with national operator Holland Casino in the Netherlands and remains in discussions with potential customers in others.

Latin America remains a key growth territory for online gaming. Mexico is now one of Playtech's top five regulated markets, by player jurisdiction, following the growth of licensee Caliente. The strength of our operations in Latin America positions us well with the potential significant markets of Peru and Brazil currently reviewing regulations.

In the US, the outcome of the judicial review on sports betting could represent a milestone towards the regulation of sports betting at a federal level. Currently, the limited regulation of online casino does not present a commercially beneficial opportunity for Playtech. However, we believe that the potential movement in sports betting regulation would represent an attractive opportunity given the unique strength of our Playtech BGT Sports offering.

PLAYTECH ONE

Although multi-channel approaches are common (same content across web, mobile and retail), Playtech's unique approach to Omni-channel is based on one integrated CRM (the IMS). This single CRM across all product verticals and channels allows for a single customer profile, and therefore single customer experience. Central to this single customer experience is Playtech's ability to offer integrated products in each vertical. Not only are these products integrated from a branding point of view, (e.g the Age of the Gods suite available online and in retail across Live, Bingo and Casino), to drive player interaction across verticals, but also integrated in their use and collection of player data – allowing for more tailored, and successful, marketing and player cross-sell. Playtech is uniquely positioned given the scale of its platform, the capabilities and access to data that scale provides. Playtech ONE creates an ecosystem for operators supporting a data driven offering that improves the engagement with customers significantly within the ecosystem maintaining their loyalty to operator brands.

Playtech believes that retail is one of the most powerful bet entry points for customers and our strategy in recent years has been to invest in industry leading retail software capabilities across all verticals. IGS, retail casino software, ECM, the retail Bingo software and BGT as part of Playtech BGT Sports allow land-based operators to capture retail player traffic as part of the Playtech ONE ecosystem.

IMS – THE PLAYTECH PLATFORM

One of the most powerful elements of Playtech ONE is the use of the data collected across the breadth of the verticals and channels. Key to our strategy is the continued development of the functionality of the Playtech platform as we continue to utilise the player data and intelligence collated via the IMS.

As the gambling market continues to mature, the focus for operators in developed markets such as the UK continues to move beyond player acquisition to focus on player retention and ultimately increasing player life time value. The platform allows for industry standard bonusing, together with more sophisticated mechanics, including automated cashback, free-spins, golden chips for table and card games and other types of bonuses. All these promotional methods can be controlled and configured by the operator, allowing for stringent liability and monetary control. Games Advisor is a real-time driven recommendation engine based on sophisticated real time algorithms that suggests other games the player might be interested in with high probability, dependent on many game-specific variables, including volatility, win hit frequency and win distribution. During the second half of 2017 we have seen the number of Tier One licensee active marketing campaigns managed through the Playtech Campaign Manager more than double to over 4,000 active campaigns with some managing hundreds in parallel.

The acquisition of BetBuddy, the Responsible Gambling analytics solution provider, represents a continuation of Playtech's strategy to acquire complimentary software that will utilise the big data collated via the IMS and add to the industry leading services available to operators on Playtech's platform. Furthermore in 2017 Playtech signed a strategic partnership with Featurespace to integrate its real-time gameplay fraud detection models into the IMS' already considerable player protection tool kit.

GPAS & MARKETPLACE

GPAS (Gaming Platform as a Service) provides the next step in Playtech's relationship with licensees, content providers and developers. Third parties can use the Playtech's drag and drop maths engine to build high quality HTML5 games or submit their own existing content for distribution across Playtech's global network on any channel. GPAS content can be seamlessly developed for retail and online, whereas traditionally converting popular online games into retail games was expensive and inefficient involving two sets of technology and two sets of developers.

Management believe GPAS will provide a strategic advantage for Playtech's Omni-channel approach in newly regulated fast growing markets, as integrated content across retail and online can help facilitate the player journey across channels and will also provide our customers with more flexibility allowing them to develop bespoke games to support their promotions.

Marketplace is Playtech's new content discovery platform where operators can access Playtech's portfolio of content. As new content providers or partners develop games on GPAS, they will be able to place their games onto the Marketplace, gaining immediate access to all Playtech's distribution network. Our goal is for Marketplace to become a games store that is based on and driven by data that will automatically determine the relevance of games to different customer's demographics.

CUSTOMER CONCENTRATION

The period saw revenue from the top ten licensees stand at 55% compared to 54% for full year 2016. Revenue from the top five licensees remained consistent on the full year period at 36% and 37% of revenue in 2016 and 2017 respectively. This was the first full year period where the consolidation, and ultimately increased scale and growth, of key licensees such as Ladbrokes Coral was included. In addition, this was the first full year period where the large revenue contributing Sun Bingo related white-label contract was included.

M&A

As outlined above, the acquisition of BetBuddy for an undisclosed fee in October 2017 was an important acquisition. The integration of BetBuddy's behavioural identification and modification software into Playtech's powerful IMS player management system will enable Playtech to continue to lead the industry in the delivery of Responsible Gambling products and services.

In February 2017 Playtech completed the acquisition of Eyecon, a specialist supplier of online gaming soft slots, and a bingo slots specialist software for an initial consideration of £25 million (€29 million). The acquisition of Eyecon is a further example of Playtech executing its Omni-channel solution through earnings accretive M&A. Eyecon is a soft casino slot provider specialising in games for the Bingo market. Eyecon deepens the content offering in the Bingo vertical ultimately helping to drive revenue across verticals as well as allow us to also extend to retail. The acquisition strengthens Playtech's Bingo distribution network whilst offering industry leading games content.

Given the Company position and strong balance sheet it remains opportunistic and acquisitive. It does however remain disciplined and takes measured steps to ensure the opportunities are in line with our stated M&A strategy and present growth opportunities beyond cost synergies which are important but not the essence of our approach.

GAMING DIVISION PERFORMANCE BY VERTICAL

GAMING B2B

The new presentation of Gaming revenue by vertical is explained fully in the CFO section. Gaming B2B includes software and services revenues, while Gaming B2C includes white-label gaming operations in regulated markets, such as Sun bingo and casual games.

CASINO

Casino revenue grew 11% from 2016 to 2017 and 15% at constant currency. Despite the headwinds in Asia in H2 2017 the growth was driven by the organic growth of existing licensees with growth excluding acquisitions of 12% at constant currency.

The pillars of Playtech's future growth strategy are reflected in the operational achievements reported in our Casino vertical as we continued to support the organic growth of our core regulated markets. In Europe in 2017 Playtech launched 45 new games in Italy, 75 in Spain, 90 in Czech Republic, 71 in Bulgaria and 51 in the UK. Importantly, following the 'de-coupling' of Playtech's Casino games from the platform that formed part of the platform overhaul reported at the interim results in August 2017, Playtech is now able to launch new content seamlessly across all regulated markets, allowing licensees to deliver global marketing campaigns for branded content.

In November Playtech announced the launch of exclusive online Casino agreement with leading Spanish operator Casino Barcelona, in addition to online casino the agreement saw Casino Barcelona join Playtech's Spanish iPoker.es network.

Content & Studios

In 2017 Playtech completed the unification of its games studios onto our agile games development platform content and distribution strategy. Playtech now operates eight games studios worldwide, all with proven pedigrees and collectively providing unparalleled knowledge and experience in online casino games creation. The studios are now applying the new



SAS – NEW SPORTSBOOK CLIENT

SOCIEDADE DE APOSTAS SOCIAIS (SAS), PORTUGAL'S LARGEST REGULATED ONLINE OPERATOR

In February 2018 Playtech signed a landmark deal to supply Sociedade de Apostas Sociais (SAS), Portugal's largest online gaming and betting operator, with its cutting-edge IMS player management platform and new sportsbook offering.

SAS is one of the first operators to launch such a wide range of online products following the country regulating gaming and betting 18 months ago.

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

The Playtech BGT Sports (PBS) digital offering is a single, integrated solution for both desktop and mobile devices containing a state-of-the-art interface that will enable SAS customers to bet on the move or at home.

With a focus on simple navigation and in-play betting, the mobile solution meets the needs of all online bettors and maximises operator margins.

CHIEF EXECUTIVE OFFICER'S REVIEW CONT.

Playtech content pillars to game production; Signature (individual style of the studio), Reach (relevance to market), Reliability (stable games and publication dates) and Value (largest Jackpots, bonusing tools, engagement tools). This unified approach to rapid Omni-channel game deployment enables operators seeking differentiation and customisation to integrate bespoke games in record time and under budget.

Given the size and scale of Playtech's distribution platform we are in an unrivalled position to be able to develop branded content as a cornerstone of our portfolio of over 600 games. The first half of 2017 saw Playtech sign an industry first agreement with DC Comics to provide a full suite of DC branded games including the Man of Steel, Classic Superman and Batman and Suicide Squad slot titles. The DC agreement was the culmination of a strategic project in the second half of 2016 designed to replace the Marvel studios content in the Playtech portfolio. Playtech had a long and successful relationship with Marvel studios and this ended in 2016 following Marvel's acquisition by Disney and a change of licensing approach from the acquirer.

The second half of 2017 saw Playtech complete an industry first for gaming content by completing the synchronised launch of the DC Justice League slot game in conjunction with the launch of the Hollywood film available to licensees across all regulated markets. Moreover 2017 saw Playtech further grow its portfolio of branded games by launching the American Dad, The Matrix, RoboCop, Monty Python's Holy Grail and Dirty Dancing titles.

In addition to the global branded content strategy for slot games the breadth of our games development capabilities allows Playtech to launch territory specific games and content. The second half of 2017 saw the successful launch of slot game Torrente for the Spanish market. Moreover, Playtech's own Age of the Gods suite of games continues to go from strength to strength with its games titles in the top rankings of popular games for all our licensees. The latest game in the series, God of Storms, experienced a highly successful launch in 2017. The Age of the Gods suite is the end result of thorough research that was based on big data analysis designed to improve the probability of success of the games.

Live Casino

This year saw Playtech complete the full migration of existing Live Casino rooms to the new market leading facility in Riga. This has enabled Playtech to drive product innovation in Live with new concepts, games and features. Driven by the powerful Playtech IMS player management platform and data-driven business intelligence technology, Playtech Live Casino is fully integrated into the Playtech platform and Casino offering. Playtech Live Casino therefore delivers greater cross-sell opportunities through a seamless user experience from slots to Live table games in conjunction with industry first branded Live games and pooled jackpot experiences.

The quality of our Live Casino offering was reflected in the progress we made with licensees in the key vertical in 2017. The completion of the migration to the new Riga facility saw Playtech re-imagine and design all dedicated areas for our leading customers, this resulted in Tier 1 Live Casino customers renewing existing agreements for long term deals, such as Sky in July 2017, and increasing the number of dedicated tables hosted in our studio. Moreover, we saw new commitments for dedicated tables in the second half of the year from Betfred and BGO Entertainment and launched new licensees Sports Interaction and Stoiximan in Greece at the end of 2017.

Importantly as part of the Tier 1 renewal process, and in line with the Group's growth strategy, Playtech Live Casino secured new territory launches for Tier 1 licensees including the launch of Live Casino on Sky Bet's 'Sky Italy' gaming sites. The sophistication and success of the new Live offering was reflected with Sky Bet's success in winning the eGaming Review Innovation in Casino award for its new Playtech supplied Live Casino. Sky Bet went live with its new state of the art dedicated Live Casino environment in April 2017 and won the award for offering players an enhanced Omni-channel experience, product enhancements and richer gameplay.

PLAYTECH BGT SPORTS (PBS)

Revenue in Sports for 2017 saw an increase on 2016 of 58% at constant currency. This was due to the contribution from BGT, the retail Sports software provider acquired by Playtech in July 2016. Underlying revenue excluding acquisitions at constant currency declined compared to 2016 mainly due to the absence of the Mobenga contracts which came into effect at the end of H1 2016.

A key strategic milestone in 2017 has been the launch and the completion of the integration of Playtech BGT Sports (PBS). PBS brings together Playtech Sports companies BGT, Geneity, Mobenga, Unilogic and Playtech's internal Sports Trading team. In 2017 PBS completed a considered and strategic integration combining the best of technology and modules from the Playtech Sports companies and delivering the industry's first integrated retail and online sports betting platform. PBS will provide a 'bricks-to-clicks' fully integrated sports betting technology solution based on Playtech ONE, offering single-betting accounts across the web, mobile, self-service betting terminals (SSBTs) and over the counter (OTC) in retail betting shops.

PBS believes there is significant opportunity for SSBT growth globally and has seen the number of active retail machines increase 37% from c.27,000 in December 2016 to c.37,000 in December 2017. With the completion of the integration of the PBS retail software to the Playtech ONE platform the size of the retail machine footprint offers significant opportunities for the cross sell of PBS' integrated offering.

Along with the completion of the PBS integration the Sports division has concentrated on growing its retail and online customer base in the key fast growing markets in Europe and Latin America, in line with the Group level strategy. Early in the period PBS announced a three-year agreement with OPAP, the leading Greek betting and lottery operator, for the supply of SSBTs, relevant software and services, and the introduction of an OTC sports betting solution. The second half of 2017 saw PBS solution go live across the 4,500 estate with over four thousand OTC tills and over 1,500 SSBTs active by the end of the period.

In addition to OPAP, 2017 saw PBS launch SSBTs with customers in Malta, Romania, Spain, Czech Republic, Austria and Germany. As outlined at the interim results in August 2017, alongside Europe a key focus for the PBS SSBT product was growth in Latin America and the second half of 2017 saw PBS install a first phase SSBT programme in Columbia with Codere and Sportium.

The second half of 2017 also saw an important strategic milestone in the launch of PBS' first integrated online and retail sports book customers with German operator HpyBet and Belgian Magic Betting. In addition, the post period end signing of an integrated online sports book and casino platform with the biggest gambling brand in Portugal, SAS, was another important strategic win for the new sports division.

Key contracts have been renewed with Betfred and Paddy Power Betfair with both secured until at least 2020 and with Betfred taking another 500 terminals and Paddy Power shops installing a minimum of 800 new terminals over the next 12 months.

Playtech's strategy in Sports is to continue to drive product development to retain operator and customer engagement with retail. In H1 2017, PBS launched its revolutionary Retail Mobile App named 'Bet Tracker'. Bet Tracker went live with Betfred in August 2017 and Jennings Bet, Boyles and Plucks will also followed later in 2017. The Bet Tracker product is leading the digitalisation of the retail sports experience, allowing customers to track their bets placed in store on their mobile phones without already having a mobile account, giving operators increased touch points with their customers. In addition, 2017 saw PBS become the first retail provider to deliver Lottoland's jackpot lotto betting products on SSBTs located in licenced betting shops.

Moreover, PBS' integration into Playtech's IMS platform has allowed PBS to build in the same data tools and functionality that is available across the Playtech ONE platform. In line with the Group's strategy to deliver Responsible Gambling tools to support licensees PBS has agreed a development roadmap with the UK Gambling Commission to deliver Anti Money Laundering and Fraud prevention identification tools across the retail and online platform.



PLAYTECH BGT SPORTS

INTEGRATION, INNOVATION, DISRUPTION

This year, 2017 was a challenging and important year. We had the challenge of integrating four different Sportsbetting platforms across seven different countries into one division – Playtech BGT Sports.

Our plan was to take the best of technology stack and modules across the different companies and form an integrated PBS Sportsbetting platform across retail and online, whilst at the same time delivering growth and maintaining our advantage in the existing retail Sports offering.

Our vision is to change the way that bookmakers think about sportsbetting by delivering a 'bricks-to-clicks' fully integrated Sportsbetting technology solution based on Playtech ONE the unique Omni-channel platform. From digital SSBTs and OTC in retail to mobile, web and tablet.

Altogether Playtech BGT Sports aims to form the leading Sportsbetting Technology Powerhouse of the industry.

In line with Group strategy we delivered important geographical expansion in strategically important territories, such as Germany, Spain, Italy, Columbia and Mexico. Moreover, my goal was to deliver the new PBS platform to one of Europe's largest Lottery and Sports operators OPAP in 2017. This was our biggest client project in 2017.

Key to maintaining our strategic position in sports is innovation of our products and we introduced new exclusive content and innovations across all our product lines: Self Service, Till and Digital Applications.

I am proud to report that the PBS management team and all our fabulous employees our vision within the last 12 months. Thank you to all our passionate PBS employees that are coming on this journey with us to change the way operators think about Sportsbetting.

Dr Armin Sageder
CEO Playtech BGT Sports

CHIEF EXECUTIVE OFFICER'S REVIEW CONT.

SERVICES

The increase in contribution from the white-label offering meant the transition in services from dot com to regulated revenue streams continued in the period resulting in a higher proportion of regulated revenues for this vertical. As part of the natural transition from unregulated to regulated markets our services division is now focused on different partners in regulated markets where we see real momentum in activity. In Mexico, our partner Caliente is going from strength to strength and we continue to experience significant growth. In Spain, we see good momentum from our local partners and expect it to continue rapidly growing in the coming years. We have made real progress in other markets such as the UK, Italy and in line with our overall strategy and focus on regulated markets our services division will extend its reach into other regulated markets such as Portugal, Colombia and others.

BINGO

Following the acquisition of Bingo software and services supplier ECM in October 2016 the Bingo vertical saw a 47% increase in revenue at constant currency in 2017.

The Bingo vertical remains a key customer acquisition channel at the operator level. Playtech's Bingo offering allows licensees to offer seamless cross-sell and movement between channels and verticals, but more importantly Bingo slot and Casino integrated content. The integration of retail software and services supplier ECM, onto the Playtech Bingo platform has created an ecosystem for licensees to retain players regardless of channel or vertical. Omni-channel, integrated content, such as Tiki Paradise, allows operators to drive player traffic to other verticals and importantly track the behavioural analytics across those channels and verticals. Post period end in January 2018 Playtech announced it had launched the popular online game Clover Rollover across 128 Gala Bingo UK retail sites meaning the game was now available online, in retail and on mobile.

POKER

Poker remains an important part of the complete Playtech ONE product offering and Playtech continues to offer the largest open and 'tappable' poker network in the industry. Although the wider online Poker market remains challenging Playtech's poker vertical returned to growth in 2017 with revenue increasing 7% at constant compared to 2016, this follows a consistent slowing of the decline in the last few years.

OTHER

Other revenues grew 48% to €26.4 million as our retail Casino software, the IGS land-based Casino system management system received new orders across the Rank estate and across the eight landmark Caesars Entertainment EMEA casino portfolio.

B2C GAMING

The new disclosure shows a new line item called B2C Gaming which include white-label, B2C and Casual.

WHITE-LABEL AND B2C

The contract with News UK for Sun Bingo continues to see improvement in revenue although it remains challenging. As a reminder, although the migration of Sun Bingo in 2016 was successful from a technological perspective there were challenges migrating all of the VIPs. Changes were then made in Q2 2017 which has led to some improvement in KPIs and performance. However, given that Bingo is very much a UK business which is also seasonal, management believes that the full benefit of the changes made were offset by exceptionally good weather combined with the UK summer holidays. Sun Bingo revenue improved towards the end of the year with a successful promotion just before Christmas, with the start of 2018 showing some continued momentum. It is worth remembering that there is significant operating leverage within the Sun Bingo contract due to minimum guarantees payable to News UK which means that as revenues increase, the benefit will drop straight through to the bottom line. As stated above, despite the improvement, the Sun Bingo contract remains challenging. Playtech is in discussions with News UK following a thorough analysis of the issues encountered with the contract.

Revenue from other white-label and B2C contracts declined to €22.8 million.

CASUAL

Casual games continued to enjoy revenue growth driven by the ongoing success of the Narcos branded game.

**TRADETECH GROUP –
PLAYTECH'S FINANCIAL DIVISION**

TradeTech Group achieved key milestones in 2017, delivering both significant organic growth as well as successful acquisitions which together are providing the foundation for future growth, in line with the strategic vision at Playtech Group level. The strong financial results reflect the significant improvement and progress we have made last year. The division reported significant growth on reported results and importantly when excluding acquisitions and on a proforma (assuming ACM assets acquired from beginning of financial year) basis, delivering Adjusted EBITDA growth across each of the different business segments, with organic growth in Adjusted EBITDA of 44% after excluding acquisitions, and an impressive 58% growth on a proforma basis, after considering all of the acquisitions during the period and their historic underlying performance.

As can be seen from the results, TradeTech has delivered significant margin improvement of the underlying business following efficiencies and cost reductions made toward the end of 2016 year and the beginning of 2017. In addition, results in 2017 were negatively impacted by the crypto 'hype' experienced in the year, predominantly in Q4, resulting in a total loss of \$7.6 million from our top line, affecting both the B2C segment as well as B2B.

**REGULATION IN THE
FINANCIAL TRADING SECTOR**

Playtech management and the Board believe that TradeTech is well placed to benefit from the potential regulatory changes the industry could experience in 2018. Management believe that TradeTech has significant experience, governance procedures and balance sheet to continue to support regulation and remain both commercial and compliant. Our experience of new regulatory frameworks learned in the Gaming division prompted TradeTech to be an early adopter of new regulation.

On January 18 2018, as part of its 'call for evidence' the European Securities and Markets Authority, ESMA, proposed measures to restrict the marketing, distribution and sale of CFDs to retail clients.

While these are still proposals for changes in regulations, we believe TradeTech is well positioned in the market following implementation of such proposals or other changes as they may come into effect. It is important to note that some of the proposed changes are already implemented as part of our existing business model, including negative balance protection and restriction of use of bonuses and other incentives for trading.

MARKETS.COM PERFORMANCE

Our B2C business operating our Markets.com brand enjoyed significant growth on both first-time depositors and active customers, with 43% growth in actives and 93% in FTDs. This fundamental improvement and momentum in the B2C business is driven by a significant improvement in the cost per acquisition of \$870 in 2017, on the back of continued development of our automated marketing capabilities.

As noted above, the crypto 'hype' in 2017 had a material impact on our B2C top line performance, which together with very low volatility on other asset classes in Q4 resulted in an overall underperforming fourth quarter. However, it is important to acknowledge the steady growth in actives which we believe will continue in 2018 and which will be translated into higher revenues and profits going forward. Outside the crypto 'hype' effect and low Q4 volatility, volume has remained relatively stable, on the back of regulatory changes related to default leverage limitation and elimination of incentive bonuses introduced at the beginning of 2017. Importantly 2017 saw strong continuity in our relationships with our B2C customers. Approximately 62% of revenue was generated from existing customers onboarded prior to 2017, further strengthened by the fact that the majority of revenues are generated from customers trading for more than 1 year, with 28% from customers trading for more than 2 years. These measures reflect the continuous investment in improving the quality of services we offer to our customers, with further development of 'decision support' tools and capabilities to aide customers in identifying trading opportunities.

These include our real time "Trending now" feature, "Traders trends" live disclosure per asset, "Events & trade" financial calendar, "Market consensus" analysts integrated portal and more.

TRADETECH GROUP B2B RESULTS

In the B2B business 2017 also saw significant growth on reported results, excluding acquisitions and on a proforma basis. TradeTech's B2B segment is now servicing over \$1 trillion in volume from B2B customers, and over \$1.3 trillion on a proforma basis after adding Alpha's pre-acquisition volumes in 2017. These results show a healthy link between revenues and volume, with a steady revenue generation on the back of increase in volume from customers from the three sub-segments of our B2B offering.

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



Mor Weizer
Chief Executive Officer

22 February 2018



BETBUDDY ACQUISITION

In October 2017 Playtech agreed the acquisition of Responsible Gambling software specialist BetBuddy for an undisclosed fee. The addition of BetBuddy's machine learning and Artificial Intelligence software into Playtech's data driven IMS platform will deliver an innovative Responsible Gambling solution to operators globally.

Playtech's strategy is to acquire complementary technology which extends its software and services offering to the gambling industry's leading operators. The integration of BetBuddy's behavioural identification and modification software into Playtech's powerful IMS player management system will enable Playtech to continue to lead innovation in the delivery of Responsible Gambling products and services.

The integration will deliver an industry leading Responsible Gambling player management platform and will give Playtech's licensees the opportunity to offer their players a safer environment in which to enjoy Playtech's Omni-channel products, features and functionality. The acquisition will ensure the Playtech platform will be well placed to navigate the continually evolving global regulatory challenges around Responsible Gambling in online and retail markets.

Playtech trialled Bet Buddy's analytics software earlier in 2017, using its algorithms to detect 'at risk' behaviours. The addition of the BetBuddy team and methodologies to Playtech's data driven approach will allow Playtech to take the next step in evolving its gambling content to ensure it is developed and deployed in a sustainable manner.

CONFIDENCE IN OUR FUTURE

GROUP FINANCIAL & OPERATIONAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

• Total revenues up 14% vs 2016 on a reported basis:
– 18% revenue growth at constant currency
– 5% revenue growth excluding acquisitions and at constant currency

• Improved quality of earnings resulted in 54% Group regulated revenue (2016: 48%)

• Adjusted EBITDA up 7% on a reported basis and 11% at constant currency

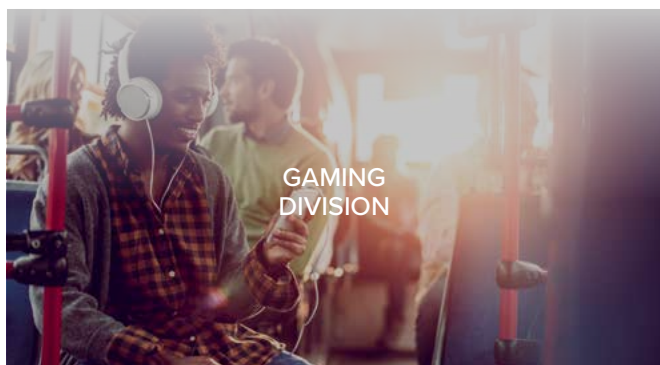
• Adjusted Group EBITDA margin of 40% (2016: 43%)
– in line with guidance
– B2B Gaming margin of 49% (2016: 50%)

• Adjusted diluted EPS up 14% on a reported basis and 8% at constant currency

• Gross cash at year end of €584 million (2016: €544.8 million) and €413 million when adjusted (2016: €392 million)

• Total dividend per share up 10%

OPERATIONAL HIGHLIGHTS



GAMING DIVISION

• Revenue grew by 17% at constant currency despite significant headwinds

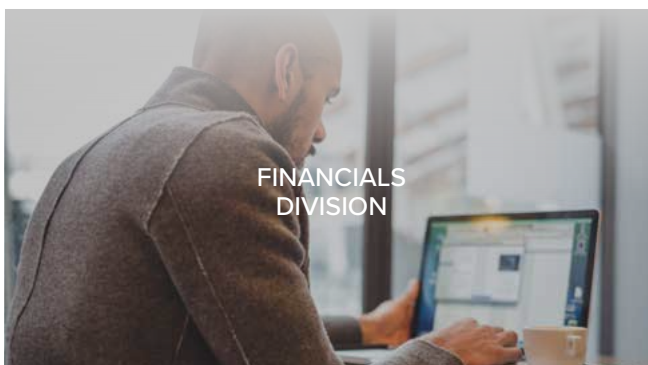
• Regulated Gaming revenues 49% (2016: 42%)

• Integration of Playtech BGT Sports completed
– 37% growth in retail machine footprint
– Landmark sportsbook clients HpyBet, Magic Betting and post period end SAS

• Migration to Live Casino in Riga complete

• Acquisition of BetBuddy consolidates Responsible Gaming

• Pipeline strong across all key geographies



FINANCIALS DIVISION

• Momentum from 2016 continued with further improvement in KPIs, 29% revenue growth to €84.9 million and 73% Adjusted EBITDA growth to €27.0 million

• Division well placed for incoming regulation with B2B operations set to benefit

• B2B offering further enhanced with the acquisition of Alpha Capital Markets in H2

• TradeTech Group brand launched to reflect the full B2B and B2C capabilities of the Financials division



**GAMING
DIVISION**

GAMING DIVISION

EXPERIENCE IS EVERYTHING

PLAY ANY GAME, ON ANY PLATFORM, ON ANY DEVICE, ANYWHERE...
ONLY PLAYTECH ONE CAN DELIVER THIS



Q&A WITH MOR WEIZER

🕒 For more information
see page 24

OMNI-CHANNEL TECHNOLOGY SUITE

🕒 For more information
see page 26

GAMING DIVISION

OUR PRODUCTS

🕒 For more information
see page 30

OUR SERVICES

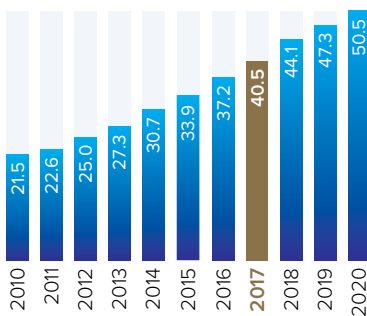
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see page 34

OUR EVOLVING MARKET

OUR INDUSTRY

GAMBLING MARKET TRENDS

TOTAL ONLINE GAMBLING MARKET (GGR€)



1

1

THE ONLINE GAMBLING MARKET

The global online gambling market continues to exhibit strong growth while continuing to evolve. H2 Gambling Capital estimates that in 2017 Gross Gambling Revenues (GGR defined as amounts staked less prizes) for casino, poker, bingo, sports betting, skill based gaming and lotteries, grew by approximately 9% to €40.5 billion from €37.2 billion in 2016. Looking forward, H2 Gambling Capital predicts the market will continue to grow at a compound annual growth rate of 8% from 2017 to 2020.

REGULATION

Regulation remains a key opportunity for growth in geographical markets. Moving from a predominantly .com regime to a regulated regime presents numerous challenges to operators and suppliers but also creates opportunities, potentially opening up new product verticals and increased marketing activity for operators. A combination of factors determine whether the opportunity will be attractive in the long term; including tax rate, product availability and technical requirements. Playtech is uniquely placed given its strength, geographic diversity and technical acumen to manage these challenges and continue to be the leading supplier in regulated markets.

GLOBAL ONLINE GAMBLING MARKET BY REGION – 2017 (GGR)



Europe: 53%
Asia/Middle East: 26%
North America: 12%
Oceania: 6%
Latin America/Caribbean: 2%
Africa: 1%

2

2

GEOGRAPHICAL DEVELOPMENT

The UK remains the largest as well as the most mature online market. H2 Gambling Capital estimates that in 2017 the UK market online market grew 10% in 2017 and accounted for 17% of the overall online gambling market. China and Japan are the next largest markets with 10% each. Europe remains the largest territory, comprising 53% of the overall online gambling market in 2017 and is forecast to grow at a compound annual growth rate of 9% from 2017 to 2020. Growth in Europe is driven by more mature markets such as the UK but also relatively smaller markets such as Italy and Spain that are growing faster due to more recent regulation related to online gambling.

4

MOBILE

The number of mobile devices in use continues to grow every day. In the gambling sector increasing numbers of players are choosing mobile sports betting and gaming for the convenience it brings. According to H2 Gambling Capital, mobile accounted for 37% of the total online gambling market in 2017, up from 34% in 2016 and 31% in 2015. H2 Gambling Capital expects mobile to continue to grow and reach 44% of total online gambling activity by 2020.

3

DRIVERS OF MARKET GROWTH FOR GAMING DIVISION

In line with the growth of e-commerce across all consumer and leisure related sectors globally, the online gaming market continues to benefit from the transition of land-based revenue to online revenue. Improved broadband penetration and capacity, faster mobile data transfer rates, improved smartphone penetration, a growing number of market participants, along with increased marketing expenditure by operators through a wide range of marketing channels are all driving factors for growth in the industry. In addition, the growing trend of greater acceptance of online gambling as a mainstream leisure pastime is contributing to increasing regulatory regimes appearing globally.

CONVERGENCE OF ONLINE AND LAND-BASED

In line with other consumer and leisure-led sectors a significant industry trend in gambling is the growing convergence of the land-based and online segments. This is principally a result of many of the new entrants in regulated online markets being existing land-based operators gaming, betting and lottery operators. While the online segment has grown faster than land-based, the land-based segment accounted for 89% of the global gambling market in 2017 according to H2 Gambling Capital. Going forward this represents an attractive opportunity for online operators as the shift online continues but also for land-based operators that leverage their existing retail businesses to capture the online opportunity.

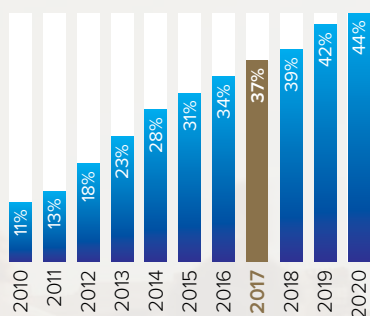
2017 GLOBAL GAMBLING MARKET SPLIT – ONLINE VS. RETAIL



Retail: 89% / €333.2
Online: 11% / €40.5

3

HOW WE RESPOND

MOBILE – % OF
TOTAL ONLINE

4

LEADING THE COMPETITION
MAINTAINING AND EXTENDING
OUR LEADERSHIP

The single most realistic alternative to partnering with Playtech is for operators to utilise their own proprietary platform together with proprietary and third-party software. Playtech believes this is an increasingly unsustainable and costly business model. Playtech enjoys significant scale advantages by being able to leverage operating and development costs across its global customer base, including the top gambling operators in the UK, Europe and Latin America. Playtech's strategy is to offer all product verticals across all distribution channels on an integrated platform that offers a single wallet and sign-in. Playtech is also the only supplier that can offer sophisticated marketing and operational services to drive player acquisition and retention via a modular range of flexible approaches from a full turnkey solution to equity joint ventures or structured agreements. This means that Playtech can partner with or sign commercial agreements with a wide range of gambling providers, from Government sponsored entities to the leading independent brands in each jurisdiction.

BARRIERS TO ENTRY

Scale

The rapid growth and increased scale of Playtech has enabled the development of a superior platform, more relevant software and more products than other suppliers. New B2B operators or licensees are not able to undertake significant product development as they lack economies of scale. This is even more apparent in new channels coming to market such as mobile, or new products such as virtual sports. Games such as bingo or poker rely on liquidity to satisfy player demand. Networked casino and live casino games can also provide significant jackpot opportunities.

Technology

The Playtech operating system is agnostic, allowing upgrades and new features to be rolled out to every operator from a single platform. This enables all operators the benefit of a more advanced offering. Playtech's R&D costs vary from year to year, but are typically around 20% of overall software revenue. This development cost is shared across the licensee base, and the revenue share model offered by Playtech is cost effective when compared to self-development, and allows licensees to remain at the cutting edge of the market. Operators also benefit from product development through two-way feedback with Playtech.

Experience

As Playtech's scale has increased over the 18 years since its incorporation, its knowledge, expertise and offering in all markets have enabled operators to grow their businesses and to diversify into new markets more quickly.

Liquidity

Playtech offers greater liquidity in the bingo and poker markets, and can provide highly progressive jackpots for games across casino, live casino, bingo and poker.

Services

Other barriers to entry are Playtech's expertise in the services environment (marketing, hosting and affiliates) and increasingly longer-term supply contracts and established relationships with licensees.

Q & A

HOW OUR OMNI-CHANNEL TECHNOLOGY IS CHANGING THE GAMBLING WORLD

NEVER STANDING STILL

Interview with

Mor Weizer
Chief Executive Officer

» **YOU HAVE BEEN PLAYTECH CEO FOR MORE THAN TEN YEARS NOW. HOW HAS THE GAMBLING INDUSTRY CHANGED IN THAT TIME?**

« The players of 2018, whether playing online, on mobile or through traditional retail channels, are looking for a seamless experience. They are looking to enjoy that experience without restriction – more than that, they expect it. For operators in a highly competitive industry the challenge is not only to attract players to your brand but retain them as a customer of your brand through every channel and every vertical.

» **WHAT IS AN OMNI-CHANNEL APPROACH AND WHY DO OPERATORS NEED ONE?**

« Omni-channel is a word you will come across a lot in the gambling industry as operators and content providers alike have realised that they need to provide the same level of service and style of content for customers across different channels be it land based retail or on mobile or desktop. Where Playtech ONE and our Omni-channel approach is different is that we offer the same platform and CRM across all channels and importantly across all products. This means you get one, real time data profile for a customer. For example, you don't have to spend hours or days performing a data reconciliation across Bingo and Live Casino in order to develop an effective marketing campaign. One platform means you can run more cost effective cross sell campaigns or customer journeys across all verticals and channels, driving retail players to online and vice-versa. Moreover, you can do it using the functionality of our IMS platform with our Campaign Manager software.

» **WHAT MAKES PLAYTECH ONE SUCCESSFUL?**

« There are many important aspects to the success of Playtech ONE, and the integrated Omni-channel solution operators and players experience today is a result of the strategic roadmap we have worked on since developing our Casino platform 19 years ago. This includes the scale and quantity of data and intelligence available and our constant investment in innovation. I would, however, highlight two important characteristics to Playtech ONE.

Firstly our strength in retail. Some operators today neglect retail gambling and others think it is old-fashioned. At Playtech we see retail as an essential part of the Omni-channel approach, especially in newly regulated online markets where the new entrants to the online arena are retail brands who have an existing brand and customer base.

Our retail software in Sports, Bingo and Casino not only digitalises the retail offering but allows you to facilitate the journey of retail players to become online players, making retail and online part of the same ecosystem.

Secondly, it is the strength of our offering across different product verticals and this is a strategic goal we have finally realised this year with the integration of Playtech BGT Sports. To facilitate cross-sell and player traffic between verticals you need competitive and appealing products in each vertical. Sports is important as it is the gateway for many players into other verticals.

» **WHAT DOES 'INTEGRATED' CONTENT MEAN AND WHY IS IT IMPORTANT?**

« Playtech ONE creates an ecosystem, from retail in store, to mobile, desktop and tablet. Integrated content, not only integrated by wallet and customer data but also integrated across content through consistent cross vertical branding and cross vertical jackpots – allows licensees to take customers on a journey through their ecosystem – ensuring when they play another vertical it is with them.

» **WHAT'S THE NEXT INNOVATION ON THE PLAYTECH ONE ROADMAP?**

« We believe Playtech's GPAS, Gaming Platform as a Service, and Marketplace will both revolutionise Playtech's relationships with operators and third party games developers, ensuring Playtech's technology is the architecture of the gambling industry in the future. GPAS's maths editor allows licensees and developers to easily build their own games to be hosted and distributed on Playtech's platform. While Marketplace will be an open market where operators can access Playtech's portfolio of content and also content developed on GPAS.

» **WHAT IS GPAS AND HOW WILL IT BENEFIT PLAYTECH AND ITS LICENSEES?**

« GPAS technology is also bridging the gap between online and land-based retail when it comes to game delivery. GPAS technology enables HTML5 games to be brought to life on land-based slot machines as well as online devices, without losing any of the feel of traditional retail slot gaming. HTML5 games can run across several screens, be integrated with the machine buttons, lights and sounds; developers can create high quality graphics, build in game volatility – everything you need. With GPAS's rapid game development tools, developers can optimise HTML5 games, run them on a slot machine simulator and deploy them in a matter of hours – games that are genuinely indistinguishable from traditional CC+ games. For me, this is truly Omni-channel technology in action and will provide Playtech with a strategic advantage in our key growth markets.

LEADING TECHNOLOGY

OMNI-CHANNEL TECHNOLOGY SUITE

OUR OMNI-CHANNEL 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.

Only Playtech can deliver this – play any game, on any platform and on any device using a single wallet and single account anywhere and at any time.

This is our unrivalled Playtech ONE solution.



PLAYTECH PORTAL

FULL FRONT-END
CUSTOMISATION

HUGE RANGE OF DESIGNS,
TOOLS AND FEATURES

INTEGRATE USER
INTERFACE WITH ANY
PLAYTECH PRODUCT



GAMING PLATFORM AS A SERVICE (GPAS)

REINVENTING CONTENT
CREATION AND DELIVERY

THE POWER BEHIND
PLAYTECH CONTENT

UNIFIED GAMES
DELIVERY PLATFORM AND
DEVELOPER PROGRAMME

THE 5 PILLARS	
PERSONALISATION Tailored player experience Enabled by data-driven segmentation and supported by real-time.	WALLET ONE wallet, ONE view, ONE platform Seamless funds transfer and balance including fraud, responsible gambling and compliance tools.
CRM Data driven in real-time Automated data-driven business intelligence marketing tools and bonus engine.	CONTENT All content, all channels, all devices Play any product, across all channels, locations and devices.
	USER EXPERIENCE One way for seamless play Unified, responsive and adaptive gameplay across all channels and devices.

Playtech Portal is an open framework designed to integrate content and deliver an unparalleled experience for operators and their players. Playtech Portal allows operators complete control and flexibility and all the tools they need to configure their customer-facing front-end solutions across any channel and device. Portal supports a multitude of languages and markets and comes complete with full CRM and personalisation, reporting and analytics and player communication tools. IMS functionalities include cashier integration, personalised login and registration and cross-platform bonus and promotions capabilities.

Playtech has developed a next-generation content ecosystem with GPAS at its core. GPAS is the power behind Playtech's next generation content and the Playtech Games Marketplace, a unified games delivery platform and developer programme, enabling accelerated maths creation for games and full licensee game discovery capabilities across all channels. GPAS delivers high quality, best-performing content in an instant, 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. Access realtime stats (RTP) calculation, model sharing and collaboration, component reuse within and between games and immediate deployment. GPAS provides a further evolution of partnership both with licensees and content providers and developers. In partnership with licensees GPAS develops content to any precise requirement, flexibly and efficiently, no matter what the need. Under the Playtech Developer Programme GPAS enables developers and content providers to either submit existing or create new, high-quality HTML games and gain access to Playtech's global distribution network in multiple jurisdictions and across multiple channels. Developers submit their game to Playtech which is then managed via the Playtech Games Marketplace with access to an intuitive interface and real-time statistics. Everything they need is online.

**PLAYTECH GAMES
MARKETPLACE****DISCOVER, CONFIGURE, PLAY****A NEW WORLD OF CONTENT
DISCOVERY****BRING LICENSEES AND
DEVELOPERS CLOSER TO
OUR CONTENT**

The Playtech Games Marketplace is a highly secure web-based system for both operators and game developers, completely reinventing the way content is discovered, created, configured and delivered. Logging into the app store style layout operators can access, browse, install and manage any or all their Playtech Omni-channel games content on Marketplace in an instant. Select from more than 600 smash hit Playtech games, plus the industry's best third-party content, and configure any game in a single click, anytime, and anywhere. Developers and content providers can use Marketplace to access its cutting-edge content management tools and ensure their games enjoy the most attractive presentation opportunity to bring their content closer to Playtech licensees and access the world's widest distribution network. Combined, all of this opens a new gaming gateway to more sales and more success. Playtech Games Marketplace brings licensees and content providers closer together to develop, market, configure or simply select games in one easy to use location. Complete with intelligent game recommendations, giving operators immediate access to hundreds of Omni-channel games from our industry-leading Playtech content studios including Origins, Ash Gaming, Vikings, Quickspin, Psiclone, SUNFOX Games, Eyecon, and GECO Gaming.

🔗 [Read more on our studios on page 28](#)

**INFORMATION MANAGEMENT
SYSTEM (IMS)****MOST POWERFUL GAMING
INTELLIGENCE PLATFORM****SEAMLESS GAMES AND
PLATFORMS TRANSITION VIA
SINGLE ACCOUNT****FULL PLAYER LIFECYCLE
VISIBILITY AND CONTROL**

Playtech's award-winning Information Management System (IMS) is the backbone of our Omni-channel product and services portfolio, powering Playtech ONE, and offering licensees all the tools they need to manage their operations in the most efficient and profitable way.

IMS enables our licensees to access all the elements of our unique Omni-channel capabilities allowing players to seamlessly transition across games and platforms via a single account and single wallet, while providing operators with simple third-party integration and full visibility and control of the entire player lifecycle.

IMS unifies all Playtech products across all channels, including retail, presenting operators with a single account overview and allowing them to streamline and optimise marketing spend, maximise cross-sell and conversion potential, leverage player loyalty and value and increase revenues by automating key aspects of the player journey.

There is simply no industry equivalent to IMS – gaming's most powerful Omni-channel enabler.

**BUSINESS INTELLIGENCE
TECHNOLOGY (BIT)****DATA-DRIVEN MARKETING
TOOLS****FULLY AUTOMATED
BI SOFTWARE****INCREASES LIFETIME VALUE
AND REVENUES**

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. BIT revolves around a series of game-changing features including:

THE 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 major 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 all of our offering across all channels.

INDUSTRY LEADING STUDIOS

OUR STUDIOS

BRANDED & BESPOKE CONTENT

Playtech's content offering is unsurpassed in the gaming industry, delivering more than 600 best-performing tried and tested classic, innovative and premium branded games. 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 located in in-house studios around the world including Gibraltar, Estonia, Ukraine, Israel and Bulgaria, it is a pioneer of online gaming content creation.

Origins is famous for producing classic slot games including Age of the Gods, Jackpot Giant, White King, Buffalo Blitz, Great Blue and Gladiator, and highly profitable premium branded content suites such as Classic TV Series Batman, Superman I, Superman II and Superman: Man of Steel in partnership with Hollywood studios such as Warner Bros.

Origins forms a key part of the Playtech's group content strategy and believes in creating high-quality content with a core focus on always delivering whenever market demands change.



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, we wrap our games in engaging themes that accentuate the designed feature set. Ash Gaming was acquired by Playtech in 2011 and is now Playtech's premier content studio in the UK, famous for high-quality, smash hit titles including Heart of the Jungle, Superman: Man of Steel, and the Classic TV Series Batman suite of games.





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, and covering an increasing range of markets as its expansion continues.

Founded in 2007, Psiclone Games specialises in retail markets. It strives for excellence and has established a first-class reputation within the industry for its fresh approach to slot design and player engagement. Psiclone Games was acquired by Playtech in 2014 and forms a key part of the Group's content strategy.



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.

Quickspin games are integrated with its customers' casino through its proprietary platform that includes ground breaking promotional tools to help attract and retain players.



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.

Founded in 2011, SUNFOX Games combines modern 3D content production technology with cutting-edge math creation, HTML5-rendering frameworks and excellent usability design to create a unique gaming experience. With a focus on quality over quantity, SUNFOX Games redefines production values for casino games and enriches every game portfolio with truly outstanding games.



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. In November 2017, Viking launched Age of the Gods – God of Storms, one of the best performing Playtech slots in the UK. Vikings is also the team behind top-performing games such as Legacy of the Wilds, Batman™ & the Riddler Riches™, Space Invaders, Ice Cave and the highly-anticipated Justice League slot.



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. In addition, the GECO Scratch Factory tool efficiently and rapidly produces a variety of instant win games which, coupled with its leading slots, complement any operator's suite of gaming products.



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. Eyecon has a team of more than 40 staff with a wealth of industry experience based in Brisbane, Malta and the Channel Islands.

INNOVATIVE PRODUCTS

OMNI-CHANNEL PRODUCTS



Playtech offers its licensees an unrivalled range of highly innovative Omni-channel products and platforms, software and content solutions. Playtech – the power behind gaming.



CASINO

COMPLETE OMNI-CHANNEL EXPERIENCE

LARGEST PORTFOLIO OF BEST-PERFORMING CONTENT

SIMULTANEOUS 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 1960's 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 which flawlessly integrates 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.



PLAYTECH LIVE

COMPLETE OMNI-CHANNEL EXPERIENCE

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 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, offer 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 and 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 BGT SPORTS



VIRTUAL SPORTS



BINGO

COMPLETE OMNI-CHANNEL
EXPERIENCEUNIQUE PLAYER SEGMENTATION
AND PERSONALISATION TOOLSBRANDABLE MOBILE SOLUTION,
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.

COMPLETE OMNI-CHANNEL
EXPERIENCESTATE-OF-THE-ART GRAPHICS AND
MOTION CAPTURE TECHNOLOGIESIN-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.

With more than ten years' experience in developing and providing virtual racing simulators, our virtual racing server creates familiarity for the player, ensuring experienced racing fans can follow the form of the runners, enhancing the overall gameplay.

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.

COMPLETE OMNI-CHANNEL
EXPERIENCEMOST EXTENSIVE
SIDE-GAMES PORTFOLIOBESPOKE 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, and manages more than 100,000 daily and more than 20,000 concurrent players. We offer the largest library of bingo variants (25+) with more than 170 slots & scratch cards. Our comprehensive range of bingo solutions is designed to suit any operators' specific requirements.

Our licensees comprise the industry's biggest and most well-known gaming and bingo operators and media brands. We are continually growing both organically and through acquisition of software and studios including Virtue Fusion, ECM Systems and Eyecon. Playtech has 25+ variants of 90-ball, 80-ball, and 75-ball bingo in addition to a large range of unique and bespoke bingo variants available on desktop, mobile and tablet supported by more than 20 in-game bingo features. We have a dedicated team of talented developers who produce and manage bespoke games, branded rooms and bingo features. Our productions include exclusive branded bingo variants based on popular television programmes and gameshows such as Deal or No Deal, Who Wants to be a Millionaire, and Tipping Point.

OMNI-CHANNEL PRODUCTS CONT.



POKER



RETAIL



LOTTERY

COMPLETE OMNI-CHANNEL EXPERIENCE	COMPLETE OMNI-CHANNEL EXPERIENCE	COMPLETE OMNI-CHANNEL EXPERIENCE
INNOVATIVE GAME FEATURES	INTUITIVE PLAYER MANAGEMENT AND TRACKING TOOLS	WORLD LOTTERY ASSOCIATION & EUROPEAN LOTTERIES
RELIABLE BACK-END MANAGEMENT TOOLS	600+ GAMES TO CHOOSE FROM	17+ YEARS OF PLAYER MANAGEMENT

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.

Playtech Poker software is localised in all relevant languages, customisable, and user-friendly providing new and experienced players with the ultimate poker playing experience including a personalised offering that is based on their gaming behaviours and preferences.

Playtech Poker software is compliant with UK, Italian, French, Spanish, Danish, Belgian, Bulgarian, Finnish, Maltese and Austrian regulations, while more regulations will be supported as more markets regulate. With more than 35,000 concurrent players at peak time, Playtech's iPoker network leads the way in network liquidity and a vast array of tournaments, making it the first choice for operators and players alike.

Playtech Retail offers a comprehensive suite of next-generation, Omni-channel software, content and systems for land-based venues with seamless player access between each channel. Playtech powers more than 40,000 global gaming terminals offering a full enterprise management system for land-based venues and providing operators with complete operational control. Using powerful back office management tools, the system provides operators with all the tools they require to successfully run and manage their businesses giving them full site control and control of their estate and player base. These tools include player, content and multimedia management, rules-based rewards, jackpots, tournaments, bonusing, loyalty, cash desk facilities, responsible gaming, security and monitoring. We offer a true Open Platform, matured over many years with collaboration of dozens of established game studios, and provide your estate with the content that you choose – regardless of the supplier. Playtech Retail also creates exciting and innovative games for all types of retail venues. Developing gaming content suitable for licensed betting offices, street venues, gaming centres, arcades and bingo establishments. Our quality content takes full advantage of hardware performance available on high specification cabinets, giving players a fully immersive experience. With high definition screens and beautiful designs, gaming's never looked so good. We also actively consult with our retail customers within our professional services programme. This is aimed at optimising and further developing their retail business. Our professional services team consists of highly qualified industry professionals and retail gaming experts, who bring many years of product and operational experience from the retail gaming machine business, and venue 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 a Platinum Partner with the European Lotteries, along with other industry leaders. A key role in ensuring the ongoing work of the organisation is to create an open forum for discussion, debate and sharing of ideas within the lottery sector.

In addition, as a Gold Level Contributor to the 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.

SPOTLIGHT



AGE OF THE GODS™ BINGO

AGE OF THE GODS™ INTEGRATED CONTENT

Part of Playtech's Omni-channel strategy is to deliver integrated content across popular product verticals. With Playtech's own Age of the Gods brand players can play Age of the Gods branded games across Bingo, Casino, Poker and Live Casino.

In 2017 Playtech completed the migration of its existing Live Casino tables to its new state-of-art facility in Riga, Latvia. The new 8,500 square metre facility is built on top of the city's fortified 16th century walls in the heart of Riga Old Town.

The new technology driven facility has enabled Playtech to drive product innovation in Live with new concepts, games and features. Driven by the powerful Playtech IMS player management platform and data-driven business intelligence technology, Playtech Live Casino is fully integrated into the Playtech platform and Casino offering. As part of Playtech ONE, Playtech's Live casino can offer integrated content and integrated progressive jackpots across product verticals offering players a seamless leisure experience.

In October 2017 a European Casino.com player won a c. £600,000 jackpot playing Age of Gods Roulette. Utilising Playtech's market-leading progressive jackpot network, the Live game shares jackpot liquidity with Playtech's Age of the Gods Casino suite of slot games. The Live product is the first of many Playtech ONE experience games that will feature jackpot functionality, and one in a whole suite of Playtech products that uses the Age of the Gods brand, including RNG Roulette, and retail and online slot games.

The ability to share casino liquidity via a Live Casino product also gives operators innovative ways to market the Age of the Gods brand including driving traffic into the Age of the Gods games and rewarding players in real-time using both Free Spins in casino and the Live Casino free spins equivalent of Golden Coins.

DATA DRIVEN SERVICES

OUR SERVICES



Using our robust and reliable hosting services



HOSTING SERVICES

EXTENSIVE INDUSTRY EXPERIENCE

TRIED, TESTED, TRUSTED

UNDERSTAND OPERATORS' SPECIFIC REQUIREMENTS

With years of industry experience, our hosting services are world class. We give you peace of mind and work to ensure your operation remains reliable and secure at all times, providing DDoS prevention; DNS management; third-party services; geo-location services; maintenance services and client and banner hosting amongst others.

We are experts in, and lead the industry in, Omni-channel gaming software and services, so we understand operators' specific business needs, therefore our customers can rely on us to foresee every possible threat and issue, prevent unplanned system failure and ensure businesses are running safely and at their maximum potential.



We offer a choice of 50 payment methods



PAYMENT ADVISORY

EXPERT CONSULTANCY SERVICES

ALL PAYMENT QUERIES DEALT WITH

EXTENSIVE CHOICE OF PAYMENT METHODS

Our professional consultants provide advice on all payment issues related to cashier, processing, payments, risk management and financial performance, creating and simplifying the implementation of processing and payment models.

With an extensive choice of more than 50 existing payment methods, including credit card processing gateways, acquirers, e-wallets, EFT, bank draft payout options via local banks worldwide, wire transfer and prepaid cards, a payment model can be customised to meet the specific requirements of each individual client.



Our unrivalled Turnkey services



PLAYTECH TURNKEY SERVICES

COMPREHENSIVE SET OF TOOLS AND SKILLS

PLAYER ACQUISITION AND RETENTION

LEVELS PLAYING FIELD FOR NEW OPERATORS

As part of our Playtech ONE offering, operators and their customers are presented with a seamless, anytime, anywhere experience, across any product, any channel and any device using a single account and wallet.

Playtech's Turnkey Services (PTTS) offer all-encompassing solutions across all platforms by supplying product design, operational management, internal and external marketing tools, fully customisable applications and around the clock interactive player support.

PTTS is designed to deliver material value and expertise to licensees across key elements of player acquisition and retention, together with the opportunity to realise substantial cost savings by outsourcing operational services.



Playtech's customer support services are unrivalled



CUSTOMER SUPPORT SERVICES

24/7 EMAIL AND PHONE SUPPORT

UNRIVALLED RESPONSE TIMES

SERVICE AT THE HEART OF PLAYTECH PHILOSOPHY

Comprehensive customer support is crucial to the success of a gaming brand, from sign-ups, through to deposit, play and withdrawal.

Our email and telephone customer support is accessible 24/7, met by our team of highly skilled professionals with industry-leading customer response times.



Leading financial reporting services



FINANCIAL REPORTING SERVICES

UNMATCHED REPORTING AND ANALYSIS

BROAD RANGE OF SERVICES

REAL-TIME ONLINE MONITORING

Our advanced financial reporting and analysis tools offer our customers a comprehensive portfolio of financial services coupled with the ability to review and monitor a selection of online activities, all in real time.

Our world-class financial tools include player payout approval/decline, dispute withdrawal requests, wagering calculations, procedure submittal, document review and much more.



We offer our licensees fully licensed, cutting-edge software



FRAUD PREVENTION

NEXT GENERATION TRACKING TECHNOLOGY

RAPID SUSPICIOUS ACTIVITY DETECTION

AUTOMATED ALERTS

As the gaming industry continues to grow, so too do the number of fraudsters keen to take advantage of the huge revenues earned by operators.

Our state-of-the-art tracking technology allows for the rapid detection of suspicious behaviour and the prevention of illegal activity, while our top tier management tools monitor deposits and withdrawals, track player activity and deliver automated alerts.



SPOTLIGHT

PLAYTECH FRAUD & RISK PARTNERSHIP WITH FEATURESPACE

Playtech has agreed a strategic partnership with Featurespace, an industry leader in fraud prevention and risk management software using Adaptive Behavioural Analytics and machine learning.

Featurespace's real-time, machine learning ARIC™ platform detects fraud and risk management anomalies in individual player behaviour, and will allow Playtech's customers to detect any unusual activity in their player base. This will enable Playtech's customers to strengthen their risk management, further reduce fraud losses, and increase revenue.

The partnership further underlines Playtech's commitment to helping customers manage risk and to providing best-of-breed gaming products to its customers.



**TRADETECH
GROUP**

TRADETECH GROUP

LEADING B2B TURNKEY SOLUTIONS

TAKING CFD OPERATORS TO THE NEXT LEVEL WITH OUR INNOVATIVE TRADING PLATFORM,
BACK OFFICE TECHNOLOGIES AND LIQUIDITY SERVICES.



TRADETECH GROUP
PLAYTECH FINANCIALS

THE TRADETECH GROUP

🔗 For more information
see page 38

Q&A WITH RON HOFFMAN

🔗 For more information
see page 40

TRADETECH GROUP

TRADETECH GROUP HIGHLIGHTS

🔗 For more information
see page 42

OUR PRODUCTS AND PLATFORM

🔗 For more information
see page 44



TRADETECH GROUP

PLAYTECH FINANCIALS

TRADETECH GROUP CONT.

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.

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.



TRADETECH GROUP – PLAYTECH COMPANIES



CFH CLEARING

Specialist B2B liquidity and services provider of Tier 1 FX liquidity services and multi-asset execution through its best of breed proprietary brokerage technology.



MARKETS.COM

B2C and B2B CFD and FX trading platform and services.

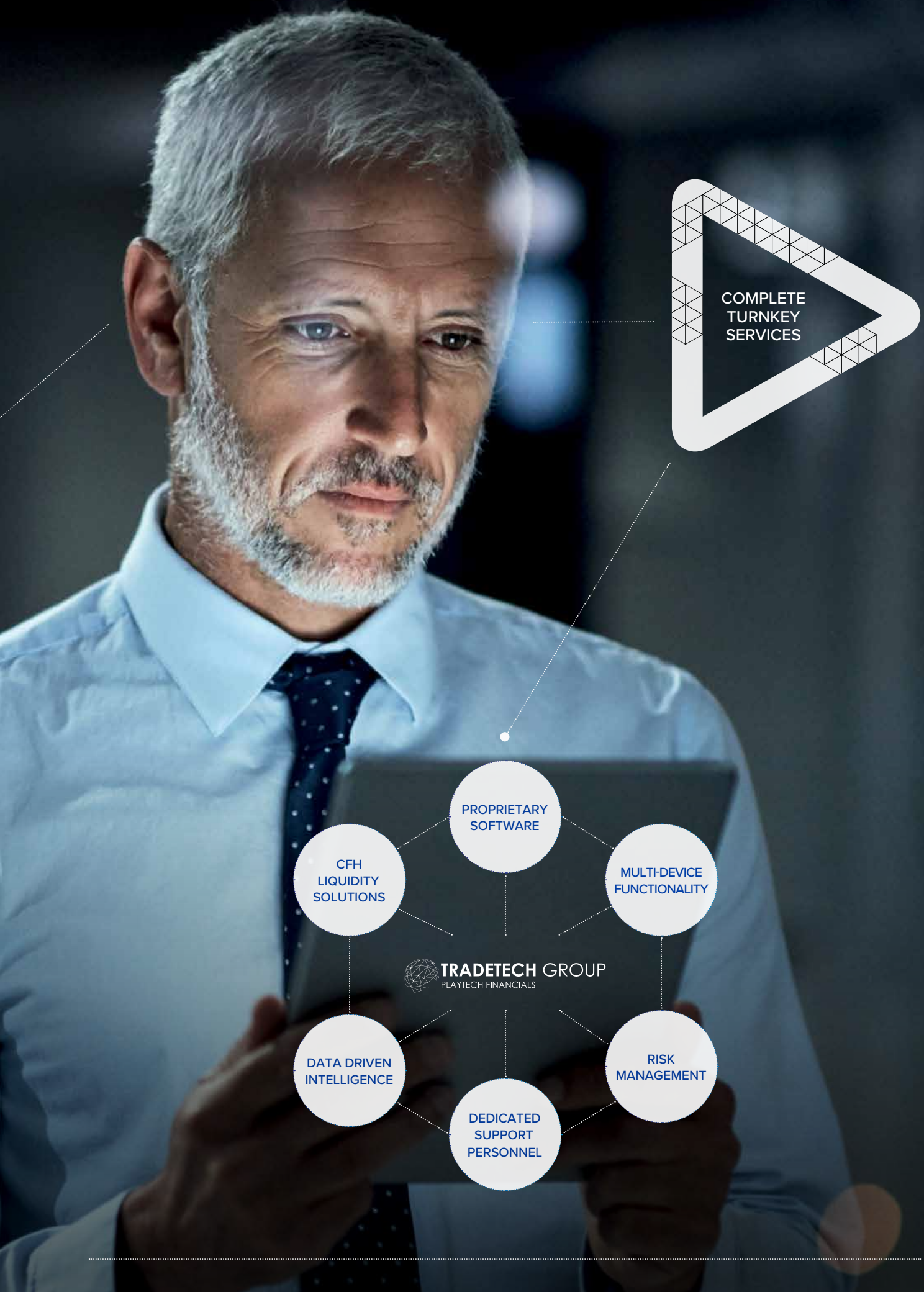


TRADETECH ALPHA

A dedicated, B2B solution delivering professional bespoke trade execution and risk services.

TRADETECH GROUP STRENGTHS

- » The most advanced proprietary CRM, Back Office (B.O) and front-end trading capabilities.
- » Best breed of data driven front-end and back office trading platforms designed to improve conversions, cost efficiency and performance metrics.
- » Superior balance sheet strength and the best-performing and most stable brand to handle trading flow, cope with market volatility, keeping client funds safe at all times.
- » The balance sheet and dealing capabilities to open up significant liquidity and risk share opportunities.





INTRODUCTION TO TRADETECH GROUP

TRADETECH GROUP CONT.

Interview with

Ron Hoffman
CEO, TradeTech Group

» CAN YOU EXPLAIN THE RATIONALE FOR PLAYTECH LAUNCHING THE FINANCIALS DIVISION IN 2015?

« The financial trading industry is driven by the same core competencies and skills as the gambling industry. It is a platform, e-commerce driven business where success is determined by customer acquisition and retention technology and the use of data. Moreover, it is a young, fast developing industry which is being shaped by fast moving regulation – Playtech has proven experience driving growth in these environments.

» WHAT IMPACT DO YOU THINK INCREASED REGULATION WILL HAVE ON THE INDUSTRY?

« The industry is still very young and as a result it is fragmented. At TradeTech we embrace regulation, as we have done in the Gaming division. Similarly to the Gaming division we believe that the increased scrutiny and cost of regulations will mean B2C providers in the financial trading industry will need to rely more and more on B2B service and technology providers such as TradeTech Group.

» WHY THE REBRAND AND NEW NAME OF TRADETECH IN 2017?

« The brand TradeTech Group is more representative of the breadth of operations across the division, from pure B2B services to our customer facing brand Markets.com. As part of TradeTech Group we operate CFH, providing Tier 1 liquidity services and multi-asset execution through its best of breed proprietary brokerage technology and TradeTech Alpha which was created in August 2017 as part of the acquisition of assets from Alpha Capital Markets, delivering a dedicated, professional bespoke trade execution, and risk services for B2C operators. In addition, we also operate MarketsPro a high net worth segment of our B2C brand Markets.com.

» WHAT DOES THE LAUNCH OF TRADETECH ALPHA BRING TO THE DIVISION IT DIDN'T HAVE BEFORE?

« Furthering the breadth of TradeTech Group's financial risk management, trading, and market making services is a central part of the strategy to grow its B2B financial offering. The launch of TradeTech Alpha following the acquisition of ACM assets was significant step in the evolution of TradeTech. The financial trading industry is driven by the core capabilities of platform technology, customer acquisition and retention, CRM management, and financial trading and risk management expertise. The acquisition of Alpha's high-quality technology and teams of industry experts has significantly deepened our expertise in trading and risk management, allowing TradeTech Group to offer a full turnkey solution to B2B clients across the industry.

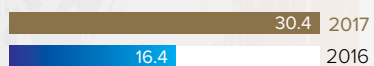
HIGHLIGHTS

TOTAL REVENUE (\$M) 33%



\$96.0 m
2017

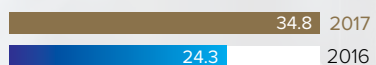
EBITDA (\$M) 85%



\$30.4 m
2017

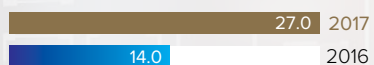
B2C HIGHLIGHTS

ACTIVE CUSTOMERS (K) 43%



34.8 k
2017

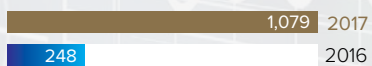
FIRST TIME DEPOSITORS (K) 93%



27.0 k
2017

B2B HIGHLIGHTS

VOLUME (\$BN) 336%



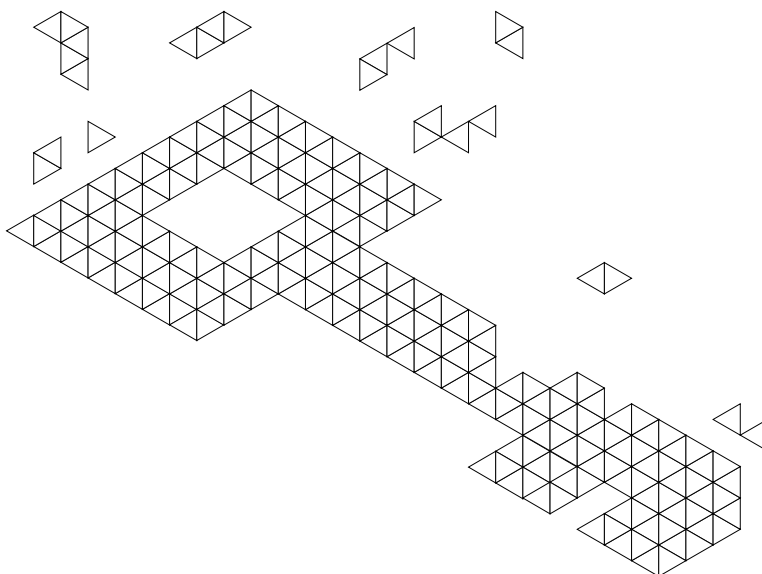
\$1,079 bn
2017

SPOTLIGHT

We aspire to establish TradeTech as the World's leading B2B and B2C financial trading and liquidity provider offering best-performing products and adding significant value to our licensees and retail brokers.



UNLOCKING THE TURNKEY SOLUTION WITH ACM



In August 2017 Playtech announced it acquired technology, intellectual property and customer assets from ACM Group Limited, known in the industry as 'Alpha', as part of its continued strategy to enhance TradeTech's B2B offering.

As a result of the acquisition of the assets a team from Alpha joined the TradeTech Group and the brand TradeTech Alpha was created to deliver a bespoke risk management and trading solution to B2B customers.

The acquisition of these key assets brings with it proprietary technology enabling TradeTech Group to offer an enhanced suite of products and services, which now include market leading B2B risk management and bespoke trading solutions to the industry.

Management believes that success for brokers in the financial trading industry is driven by the ability to acquire customers directly, monitor their performance and monetise their order flows through enhanced risk management. Following the completion of the acquisition, TradeTech Group will be positioned to offer a turnkey B2B solution to brokers covering the entire lifecycle of a trade, from front end technology to CRM and platform management, to liquidity technology, and risk management and professional trading services.

In addition to intellectual property and sophisticated proprietary technology, the Alpha dealing, risk and business development teams have a significant track record and reputation in the financial trading industry that brings a wealth of trading experience to TradeTech Group. As well as their institutional relationships, the Alpha teams will deepen TradeTech Group's offering to professional and high net worth traders allowing it to launch a dedicated high-net worth professional brand called MarketsPro.

PRODUCTS AND PLATFORM

TRADETECH GROUP CONT.

Next-generation B2B and B2C multi-channel trading software, systems and services.



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 & 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 (B.O) SYSTEMS

Our easy-to-use Back Office (B.O) 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 (B.O) 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.



BUSINESS INTELLIGENCE (B.I) REPORTING

Our state-of-the-art reporting system is powered by SAS, one of the world 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.



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

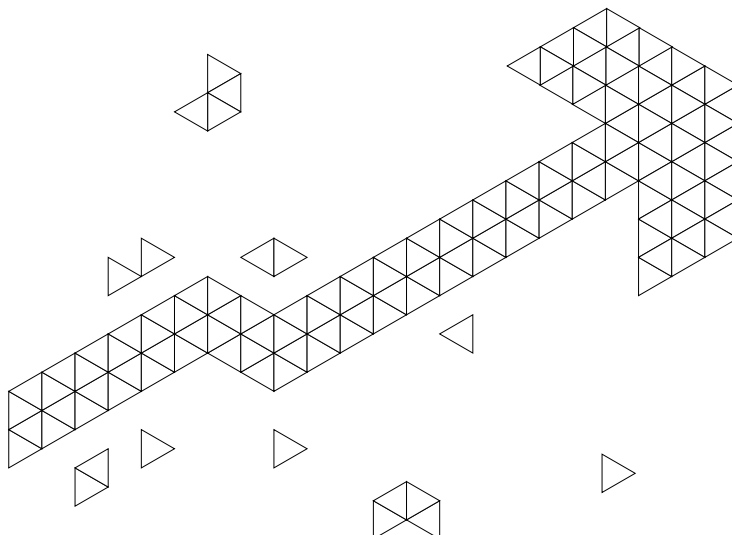
Collect data from multiple sources and elastically cluster customer bases by more than 100 attributes.

» Multi-channel Communications

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.



SPOTLIGHT


TRADETECH GROUP
PLAYTECH FINANCIALS

PLAYTECH'S FINANCIALS DIVISION TO BE KNOWN AS TRADETECH GROUP

In August 2017 Playtech announced that its Financials division would from now on be known as TradeTech Group. Playtech's strategy is to continue to further build its capabilities across the entire value chain in the financial trading sector. To better reflect the breadth of services offered across the Financials division, the Division was renamed TradeTech Group. Following the acquisition, TradeTech Group will comprise:

- » TradeTech Alpha, created to deliver a dedicated, industry leading, B2B solution delivering market made liquidity, professional bespoke trade execution, and risk services
- » Markets.com, a brand operated by Safecap as a provider of CFD and FX trading platforms
- » CFH, which will continue to provide Tier 1 FX liquidity services and multi-asset execution through its best of breed proprietary brokerage technology.

PERFORMANCE

PERFORMANCE

A PROVEN BUSINESS MODEL

FINANCIAL AND OPERATIONAL SUCCESS DELIVERING
THE PLATFORM FOR GROWTH.

**FINANCIAL
REVIEW**

🕒 For more information
see page 48

**RISKS AND
UNCERTAINTIES**

🕒 For more information
see page 54

PERFORMANCE**REGULATION AND
RESPONSIBILITY**

🕒 For more information
see page 58

**DIVERSITY
AND INCLUSION**

🕒 For more information
see page 63

STRONG AND PROGRESSIVE PERFORMANCE

FINANCIAL REVIEW



Playtech delivered a good financial performance in 2017 driven by both underlying growth and from the acquisitions made in 2016 and in 2017.

Andrew Smith
Chief Financial Officer

€807.1 m Revenue (€m) in 2017	€322.1 m Adjusted EBITDA (€m) in 2017	OUR RESULTS 👉 See our financial statements from page 103	€66.8 cents Adjusted diluted EPS (€cents) in 2017	€231.4 m Adjusted net profit
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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, impairment of available for sale investments, 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 more accurately represent the trading performance of the business and are the key performance metrics used by the Board when assessing the Group's financial performance. A full reconciliation between the actual and adjusted results is provided in Note 5 of the financial statements below.

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

OVERVIEW

Playtech delivered a good financial performance in 2017 driven by both underlying growth and from the acquisitions made in 2016 and in 2017.

Total reported revenue and Adjusted EBITDA increased 14% and 7% respectively compared to 2016. Reported Adjusted net profit increased 14% due to significant fluctuations in currency exchange rates, mainly in Sterling, impacting 2016 reported Adjusted net profit leading to high growth from 2016 to 2017. On a constant currency basis, revenue, Adjusted EBITDA and Adjusted net profit, increased by 18%, 11% and 8% respectively.

This performance was achieved despite 2017 being an unusual year for headwinds faced, with so many combining including currency headwinds as well as issues in H2 in Asia and the expected loss of Marvel, certain Mobenga contracts and the contract with Poker Stars for Poker Strategy. At Adjusted EBITDA level, currency alone provided a €14 million headwind with total EBITDA headwinds totalling €60 million.

NEW PRESENTATION

	2017 €m	2016 €m	Change	Constant currency change
Casino	411.3	371.7	11%	15%
Services	94.3	115.9	-19%	-16%
Sport	85.7	55.9	53%	58%
Bingo	24.8	18.0	38%	47%
Poker	9.4	9.0	5%	7%
Other	26.4	17.8	48%	52%
Gaming B2B	651.9	588.3	11%	15%
Gaming B2C	70.3	54.7	28%	34%
Gaming division	722.2	643.0	12%	17%
Financials division	84.9	65.6	29%	32%
Total revenue	807.1	708.6	14%	18%

OLD PRESENTATION

	2017 €m	2016 €m	Change	Constant currency change
Casino	413.3	374.1	10%	15%
Services	131.6	151.6	-13%	-10%
Sport	88.5	58.4	-52%	56%
Bingo	26.6	19.8	-34%	44%
Poker	9.5	9.1	-4%	6%
Other	52.7	30.0	76%	79%
Gaming division	722.2	643.0	12%	17%
Financials division	84.9	65.6	29%	32%
Total revenue	807.1	708.6	14%	18%

As discussed above, the Sun Bingo contract generated a significant Adjusted EBITDA loss due to the levels of minimum guarantees payable to News UK. Playtech is in discussions with News UK following a thorough analysis of the issues encountered with the contract.

In line with the guidance provided at the 2016 full year results, the Group EBITDA margin fell from 43% in 2016 to 40% in 2017, principally due to a higher percentage contribution from lower margin parts of the business including white-label, specifically from the full year contribution from Sun Bingo, the Financials division and from Casual. The Adjusted EBITDA margin in B2B Gaming remained broadly flat for the year at 49%.

Playtech continues to be highly cash generative and delivered net cash from operations up 22% to €306.7 million compared to €251.4 million in 2016, representing 88% cash conversion from Adjusted EBITDA when excluding cash movements, which are not reflected in Adjusted EBITDA, such as movements in jackpot liabilities, customer security deposits and changes in client equity.

Playtech has a very strong balance sheet with cash and cash equivalents of €584.0 million or Adjusted Gross cash of €412.6 million (2016: €392.0 million) net of cash held on behalf of client funds, progressive jackpot and security deposits. Together with the Available-for-sale investments of €381.3 million (2016: €230.3 million), Playtech has considerable available resources to execute its strategy.

FINANCIAL REVIEW CONT.

CHANGES TO DISCLOSURE OF REVENUE AND ADJUSTED EBITDA

Disclosure has been improved to assist with analysis, specifically the businesses with different margin profiles.

The new disclosure shows a new line item called B2C Gaming which includes white-label, B2C and Casual. Revenues and costs for these businesses are presented separately as they have fundamentally different margin profiles.

In addition, we have also re-categorised other cost line items including removing revenue driven costs, which contained a significant amount of the Sun Bingo contract and are now in B2C Gaming. Most importantly, R&D now has its own line item which serves to highlight the technology base of Playtech's B2B Gaming business.

REVENUE

Total revenue increased by 14% to €807.1 million (2016: €708.6 million) and by 18% on a constant currency basis, with underlying growth of 5% (after excluding acquisitions at constant currency).

NEW PRESENTATION OF GAMING REVENUES BY VERTICAL

The new presentation of Gaming revenue by vertical splits between the business to business (B2B) element, which includes both software and services revenues and the business to customer (B2C) element, which includes white-label gaming operations in regulated markets, such as Sun Bingo and casual games.

Casino, the biggest product vertical, increased by 11% in 2017 and by 15% on a constant currency basis and 12% when further excluding acquisitions. The growth in Casino is mainly generated from core casino activity, such as online slots and roulette, driven by Mobile casino revenue increased by 67% over 2016, which represents 50% growth in mobile penetration. The UK reached more than 50% in penetration, Asia more than doubled its mobile penetration compared to 2016 to 42% and non-UK Europe mobile casino revenues grew by 81% to reach a penetration of 36%.

Services revenue decreased by 16% on a constant currency basis, whilst decreasing by 19% on a reported basis. The decrease in revenue is mainly due to revenues generated in .com markets, predominately from marketing services and the loss of the contract with Poker Stars for Pokerstrategy. Revenues from regulated markets grew by almost 46% led by increase in live services revenues, which enjoyed a double digit growth and from the structured agreements with Caliente and Marca.

As discussed above, the Sun Bingo contract generated a significant Adjusted EBITDA loss due to the high levels of minimum guarantees payable to News UK. Playtech is in discussions with News UK following a thorough analysis of the issues encountered with the contract.

Sport revenue increased in 2017 by 58% on a constant currency basis and by 53% on a reported basis. The increase is due to the acquisition of BGT and when excluding acquisitions, on a constant currency basis, Sport revenue has decreased by 7%. The decrease,

as previously indicated, is mainly due to the loss of three Mobenga contracts with UK licensees and when excluding the loss in revenues, underlying sport revenue has increased by 8% in 2017.

Bingo revenue increased by 47% on a constant currency basis and by 38% on a reported basis. When excluding the increase in revenue generated by the acquisition of ECM, Bingo revenue on a constant currency basis were down 6% compared to 2016. While macro events such as the effective increase in UK gaming tax has pressured the revenues down, the underlying performance of the bingo network has increased in 2017.

Poker reported revenue has increased by 5% compared to 2016 and by 7% on a constant currency basis. The increase in revenues, which is mainly driven by growth in regulated markets, although from a low base, is a positive sign after several consecutive years of decline and reflects the importance of this vertical in the operators' offering.

Other revenue grew by 48% mainly due to increase in revenues from new order of the IGS casino management system by Rank and other customers, Videobet machines sold in 2017, mainly to Elite Gaming and by increase in revenues from dedicated teams.

REVENUE IN FINANCIALS DIVISION

2017 revenue in the Financials division was €84.9 million, up 29% versus 2016. When excluding the revenue generated by CFH and Alpha, acquired in November 2016 and October 2017 respectively, revenue decreased 3% to €61.7 million.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

	2017 €'000	2016 €'000
EBITDA	293.2	291.9
Employee stock option expenses	15.1	6.9
Professional expenses on acquisitions	2.4	3.4
One off employee related costs	5.0	—
Additional consideration payable for Put/Call options	5.3	—
Cost of business reorganisation	1.1	—
Adjusted EBITDA	322.1	302.2
Adjusted EBITDA margin	39.9%	42.7%
Adjusted EBITDA on a constant currency basis	336.2	302.2
Adjusted EBITDA margin on a constant currency basis	40.2%	42.7%
EBITDA related to acquisitions at constant currency	(46.3)	(12.9)
Underlying Adjusted EBITDA	289.9	289.3
Underlying Adjusted EBITDA margin	41.5%	43.5%

The momentum reported at the full year 2016 results has continued into 2017. The steps taken in 2016 to deliver an efficient, competitive and sustainable business model are bearing fruit in 2017, with growth in revenue and a 76% increase in Adjusted EBITDA to €27.0 million in 2017.

Underlying Adjusted EBITDA remained flat compared to 2016 with growth in many parts of the business offset by the significant headwinds discussed earlier.

Adjusted EBITDA for the Financials division was €27.0 million, against an Adjusted EBITDA of €15.4 million in 2016. The year-on-year improvement in Adjusted EBITDA was a consequence of the business enhancements taken in 2016, both in terms of growing the, higher margin, B2B offering as well as optimising the underlying cost base to ensure the business is lean and efficient.

COST OF OPERATIONS

NEW PRESENTATION OF COST OF OPERATIONS

The new presentation of cost categories strips out the B2C and Financials division costs, similar to the new presentation of revenue and therefore provides better margin analysis as well as clearly setting out the research and development cost.

Research and development (R&D) cost comprises of employee related costs, dedicated teams, their direct expenses and proportional office cost. Research and development cost decreased 2% in 2017 to €80.7 million mainly as a result from increased capitalisation of development costs. In B2B gaming capitalised development cost as a percentage of total R&D cost increased from 26% to 35%. The development cost grew by 50% year on year with 25% of this growth coming from rent capitalisation introduced for the first time in 2017. On a like for like basis, excluding acquisitions and excluding office rent cost, the percentage has increased from 26% to 29%. This underlying increase in capitalised cost of 7% derives from the development of the GPAS and Marketplace projects as well as from a change done to the cost mode during 2017.

Operations cost includes mainly employee related cost and their direct expenses, operational marketing cost, hosting, license fees paid to third parties, branded content, terminal hardware cost & maintenance, feeds, chat moderators and proportional office cost. Operations cost increased by 14% from €146.7 million to €166.8 million in 2017. The main reason for the increase is the cost of terminals hardware which is in line with the increase in revenue from the sale of terminal hardware,

NEW PRESENTATION

	2017 €m	2016 €m	Change
Research and development	80.7	82.3	-2%
Operations	166.8	146.7	-14%
Administrative	65.1	54.8	-19%
Sales and marketing	17.6	12.4	42%
Total B2B Gaming	330.2	296.2	11%
B2C Gaming	96.9	59.9	62%
Financials division	57.9	50.2	15%
Total Group	485.0	406.3	19%

OLD PRESENTATION

	2017 €m	2016* €m	Change
Adjusted operating expenses	485.0	406.3	19%
Less revenue-driven costs	99.8	53.5	86%
Adjusted operating expenses excluding revenue-driven costs	385.2	352.8	
Employee-related costs	197.9	190.0	4%
Cost of service	59.1	49.6	19%
Operational marketing costs	42.7	40.2	6%
Admin and office costs	33.7	34.3	-2%
Other costs	34.5	24.3	42%
Travel, exhibition and marketing costs	17.3	14.4	20%
Adjusted operating expenses excluding revenue-driven costs	385.2	352.8	

* 2016 comparable numbers were reclassified to reflect year on year on a like for like basis.

increase in BGT terminal maintenance and feeds cost, as the cost for 2016 included only six months of BGT cost, from the date of its acquisition. Excluding acquisitions operations cost increased slightly by 1% where the increase in terminal hardware cost was offset by the reduction in the employee related cost.

Administrative cost increased by 19% mainly due to increase in employee related cost, legal fees, and compliance related cost.

Sales and marketing cost mainly include employee related cost, their direct expenses, marketing and exhibition costs. Sales and marketing cost increased by 42% to €17.6 million where most of the increase relates to acquisitions. Excluding acquisitions S&M cost increased by only 3%.

The 62% increase in B2C Gaming cost from €59.9 million in 2016 to €96.9 million in 2017 mainly relates to the additional cost of the Sun Bingo contract which was launched in September 2016. The B2C costs comprises brand fees, gaming taxes, operational marketing cost, employee related cost and processing fees. These fees are typically calculated as a share of the licensee revenue generated.

Cost of operations in the Financials division increased by €7.7 million in 2017. However, 2017 includes the full year of operational costs for CFH (2016 included only one month) and three months of operational costs for Alpha. Excluding acquisitions, operational costs in the Financials division decreased by €8.3 million, which is reflective of the aforementioned underlying cost optimisation undertaken during 2016 to ensure an efficient, robust and sustainable business mode.

FINANCIAL REVIEW CONT.

DEPRECIATION, AMORTISATION, FINANCE INCOME, FINANCIAL COST AND TAX

Depreciation increased in 2017 by 32% to €26.5 million. Excluding acquisitions, depreciation increased 10%.

Amortisation cost, excluding amortisation of intangibles on acquisition, has increased 17% to €36.0 million, in line with the increase in capitalised development cost.

Adjusted net finance cost was €5.0 million in the period compared to €37.2 million in 2016. The decrease is predominantly due to lower foreign exchange rate losses of €19.7 million during 2017, compared to a €44.7 million loss in 2016, together with higher dividends from the available for sale investment from Ladbrokes of €5.9 million (2016: €3.7 million) and €11.2 million from Plus500 (2016: €8.2 million).

The Company is tax registered, managed and controlled from the Isle of Man, where the corporate tax rate is set at zero. The Group's main trading subsidiaries are registered either in the Isle of Man, Alderney or Cyprus, where effective tax rates are low or set at zero. Other subsidiaries, related to the Group's development centres are located in other jurisdictions and operate on a cost-plus basis, and are taxed on their residual profits. The tax

charge in 2017 was €17.5 million (2016: €6.3 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.

Adjusted diluted EPS was up 14% and the underlying Adjusted diluted EPS on a constant currency basis excluding acquisition was 1% above 2016. Adjusted diluted EPS is calculated on the basis of a weighted average number of shares in issue during 2017 of 348.5 million.

CASH FLOW

Playtech continues to be highly cash generative and once again delivered strong operating cash flows of €306.7 million.

Operating cash conversion from Adjusted EBITDA decreased slightly in line with the conversion level in 2016 when adjusted for jackpots, security deposits and client equity. Since the timing of cash inflows and outflows for jackpots, security deposits and client equity only affects the reported operating cash flow and not EBITDA, adjusting these cash fluctuations is essential to truly reflect the quality of revenue and cash collection.

Net cash outflows from investing activities totalled €140.2 million in the period, of which €46.3 million (2016: €140.0 million) relates to acquisitions, mainly of Eyecon and Alpha. Cash outflows from financing activities included €104.7 million (2016: €245.7 million) of annual dividend payment.

CASH CONVERSION

	2017 €'000	2016 €'000
Adjusted EBITDA	322.1	302.2
Net cash provided by operating activities	306.7	251.4
Cash conversion	95%	83%
Decrease /(increase) in Progressive, operators' jackpots, security deposits	15.9	(16.6)
Decrease /(increase) in Client deposits and Client equity	6.3	(17.5)
Adjusted net cash provided by operating activities	284.4	285.5
Adjusted Cash conversion	88%	94%

ADJUSTED PROFIT AND ADJUSTED EPS

	2017 €'000	2016 €'000
Profit for the year-attributable to owners of parent	248.1	193.0
Amortisation of intangibles on acquisitions	51.0	44.3
Impairment related to acquisitions	7.8	12.3
Profit/(loss) on disposal of investment in associates	0.7	(64.4)
Impairment of investment in associates and other non-current assets	14.9	–
Employee stock option expenses	15.1	7.0
Professional expenses on acquisitions	2.4	3.5
Cost of business reorganisation	1.1	–
Non-cash accrued bond interest	10.2	9.8
Decline in fair value of available for sale investments	0.5	–
Additional consideration payable for Put/Call options	5.3	–
One off employee related costs	5.3	–
Deferred tax on acquisition	(4.6)	(3.4)
Movement in deferred and contingent consideration	(126.4)	0.8
Adjusted profit for the year – attributable to owners of the parent	231.4	202.9
Adjusted basic EPS (in €cents)	73.6	64.6
Adjusted diluted EPS (in €cents)	66.8	58.8
Constant currency impact	35.7	44.7
Adjusted profit for the year attributable to owners of parent on constant currency	267.1	247.6
Adjusted net profit on constant currency related to acquisitions	(26.9)	(10.1)
Underlying Adjusted profit – attributable to owners of the parent	240.2	237.5

ACQUISITION	CONTINGENT CONSIDERATION AND REDEMPTION LIABILITY AS OF 31.12.17	MAXIMUM PAYABLE EARNOUT
ACM Group	€71.4 million	\$145.0 million
Quicksipin AB	€24.1 million	€26.0 million
Playtech BGT Sports Ltd	€30.9 million	€95.0 million
Consolidated Financial Holdings	€22.4 million	\$73.1 million
ECM Systems Holdings Ltd	€1.2 million	£1.1 million
Eyecon Limited	€1.3 million	£25.0 million
Others	€6.4 million	€7.1 million

BALANCE SHEET AND FINANCING

As at 31 December 2017, cash and cash equivalents amounted to €584.0 million (2016: €544.8 million), with cash net of client funds, progressive jackpot and security deposit, being €412.6 million (2016: €392.0 million).

Total available-for-sale investments were €381.3 million, a 66% increase compared to the end of 2016, due to the appreciation in value of holdings in Plus500 and in Ladbrokes Coral.

Contingent consideration and redemption liability decreased to €157.7 million, mainly due to the write off of the Markets earn-out and earn-out payments, and comprise of the above.

The value of the contingent consideration relating to Markets.com in Playtech's balance is zero, as the threshold for achieving an additional earnout has not been met.

TIMETABLE

Ex-dividend date:	3 May 2018
Record date for dividend:	4 May 2018
Currency election date:	11 May 2018
Payment date:	1 June 2018

DIVIDEND

To provide greater certainty and consistency of dividend payments, the Board adopted a progressive dividend policy in 2016 which allows the Board to reflect its confidence in the growth and cash generation of the business without being tied to a fixed percentage payout as one-off items can impact results, such as the impact from foreign exchange which we saw in 2016 and 2017.

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

Accordingly, the Board has declared a final dividend of 23.9 €cents per share (2016: 21.7 €cents), an increase of 10% over 2016's final dividend, taking the 2017 full year dividend to 36.0 €cents per share, an increase of 10% over 2016.

For those shareholders wishing to receive their dividends in Sterling the last date for currency elections is 11 May 2018.



Andrew Smith
Chief Financial Officer

22 February 2018

IDENTIFYING AND MANAGING OUR RISKS

RISKS AND UNCERTAINTIES

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.



CHANGE IN RISK



Up



No change



Down

RISKS RELATING TO BOTH THE GAMING AND FINANCIALS DIVISIONS

REGULATORY RISKS	MITIGATION
Regulation – Licensing Requirements (both Gaming and Financials) Playtech holds several licences for its activities from regulators. The review and/or loss of all or any of these licences may adversely impact on the operations, revenues and/or reputation of the Group. Likelihood: Low Impact: High	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.
Regulation – Local Technical Regulatory Requirements (both Gaming and Financials) Local regulators have their own specific requirements, which often vary on a country to country basis. In addition, new requirements may be imposed. For example, a requirement to locate significant technical infrastructure within the relevant territory or to establish and maintain real-time data interfaces with the regulator. Such conditions present operational challenges and may prohibit the ability of licensees to offer the full range of the Group's products. Likelihood: Low Impact: Medium	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 Gaming and Financials) Given the environment in which the Group operates, the business is exposed to continuously evolving rules and practices governing the taxation of e-commerce activity in various jurisdictions. It is imperative to ensure compliance with all relevant tax regulations and requirements in each jurisdiction that Playtech operates. Likelihood: Medium Impact: Medium	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. The Head of Tax is responsible for ensuring that effective policies and procedures in respect of tax are in place, maintained and used consistently across the Group.

REGULATORY RISKS	MITIGATION
Regulatory – Capital Adequacy (Financials only)	
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.
▶	
Likelihood: Low Impact: Medium	
Regulatory – Data Protection (both Gaming and Financials)	
The requirements of the new EU General Data Protection Regulations (GDPR) will come into force in May 2018. Data controllers and processors, who have users in the EU regardless of where the data is held or processed, will have to comply with these regulations.	A Group wide project is underway to ensure compliance with GDPR. This covers governance, risk assessment, policies and processes, training, incident management, monitoring and data cleansing. This has helped drive the right behaviours to ensure obligations are met with regards to the handling of personal data.
▶	
Likelihood: Medium Impact: High	Throughout 2017, GDPR readiness has been a priority issue for the Playtech Board and executive management. They have endorsed a fully comprehensive roadmap and been provided with frequent progress updates from the Group Data Protection Office.
	Playtech is aiming to be fully compliant with the new EU general data protection regulations by May 2018.
Regulatory – Preventing Financial Crime (both Gaming and Financials)	
Policymakers in the EU and at national levels have taken steps to strengthen financial crime legislation covering Anti-Money Laundering (AML), prevention of facilitation of tax evasion and Anti-Bribery and Corruption (ABC). Non-compliance could result in investigations, prosecutions, loss of licences and/or an adverse reputational impact.	The Group takes a zero-tolerance approach to bribery and corruption. Policies 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 have day to day oversight of AML and ABC policy and implementation including training.
▶	
Likelihood: Medium Impact: Medium	
Regulatory – Responsible Gambling (both Gaming and Financials)	
Responsible gambling is a material concern to society as well as a regulatory priority. In addition, licensing requirements are regularly updated to ensure that companies in the sector provide a safe environment for consumers. Recent trends have seen an additional regulatory focus on treating customers fairly and conducting marketing and advertising in a responsible manner.	Playtech is committed to provide a safe, fun and empowering consumer experience and has taken steps to enhance its responsible gambling capability in both the B2C and B2B operations.
▶	
Likelihood: High Impact: Medium	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 to: • Promote safer and responsible play; • Empower licensees and players with advanced customer engagement and responsible gambling tools to reduce harm; and • Improve the quality and use of data to reduce harm.

RISKS AND UNCERTAINTIES CONT.

BUSINESS OPERATIONS	MITIGATION
Mergers and Acquisitions (both Gaming and Financials) Playtech has made a number of acquisitions over the years. Such acquisitions may not deliver the expected synergies and/or benefits and may destroy shareholder value. ▶ Likelihood: Low Impact: Medium	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 Gaming and Financials) The Group's future success depends in large part on the continued service of a broad leadership team including Executive Directors, senior managers and key personnel. The development and retention of these employees, along with the attraction and integration of new talent, cannot be guaranteed. ▶ Likelihood: Medium Impact: Medium	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.
IT Security (both Gaming and Financials) System downtime or a security breach, whether through cyber and distributed denial of service (DDoS) attacks or technology failure, could significantly affect the services offered to our licensees. ▶ Likelihood: Medium Impact: High	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.
Business Continuity Planning (both Gaming and Financials) Loss of revenue, reputational damage or breach of regulatory requirements may occur as a result of a business or location disruptive event. ▶ Likelihood: Medium Impact: Medium	Business continuity plans are 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. Completed plans will be tested to ensure effectiveness and training will be provided to key staff members as part of the business continuity program.

ECONOMIC ENVIRONMENT	MITIGATION
Economic Environment (both Gaming and Financials) A downturn in consumer discretionary spend or macroeconomic factors outside of Playtech's control could result in reduced spend by consumers on gambling and financial trading and the Group's revenues may fall.  Likelihood: Medium Impact: Medium	Playtech's customers and licensees are geographically diverse, which should mitigate reliance on any particular region. Management closely monitors business performance and if a downturn were to occur, remedial action commensurate with the nature and scale of the slowdown would be taken.
Cash Management – Cash Balances Foreign exchange volatility could impact the Group's financial position  Likelihood: High Impact: Medium	The Group holds currency in various denominations and our operations are geographically diverse. The Group finance team continually review cash balances to ensure that this risk is mitigated effectively.
Market Exposure (Financials only) 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.  Likelihood: Medium Impact: Medium	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 reaches certain levels, whether in total or on specific instruments, our risk management policy requires that mitigating actions, such as reducing exposure through hedging or liquidity arrangements, are considered.
Trading Volume (Financials only) Low volatility within foreign exchange rates, commodity prices, equity and index prices may reduce profitability.  Likelihood: Low Impact: Medium	Trading volumes are monitored in real-time and the number of instruments available for clients to trade continues to increase in order to ensure that potential for market volatility is captured within our offering. Where markets become volatile within specific instruments, our technology allows for specific and tailored material to be released which highlights such instances to attract trading volume.

PROMOTING INTEGRITY

REGULATION AND RESPONSIBILITY

I am proud of our progress to place compliance, responsible business practices and regulatory affairs at the heart of our Company's ethos and strategy. This is critical for ensuring we continue to lead in regulated markets, shape regulations in future markets and offer the industry the most innovative products, services and platforms available.

Ian Ince

Global Head of Regulatory Affairs and Compliance



RESPONSIBLE BUSINESS PRACTICES

1 GAMBLING REGULATION	2 GOVERNANCE AND ENGAGEMENT	3 MINIMISING INTEGRITY RISK
4 TAX GOVERNANCE	5 SAFEGUARDING DATA	6 ENABLING RESPONSIBLE GAMBLING AND PLAYER PROTECTION
7 TREATING CUSTOMERS FAIRLY	8 DIVERSITY AND INCLUSION	9 MANAGING OUR ENVIRONMENTAL FOOTPRINT
10 CONTRIBUTING TO LOCAL COMMUNITIES		

INTRODUCTION

This year, 2017, saw increased interest from regulators, policymakers and consumers on a range of policy and social issues relating to the gaming industry. The areas of concern include social responsibility and player protection, consumer fairness, anti-money laundering, tax and data protection. At Playtech, we are factoring these considerations and developments into our future strategy.

1

GAMBLING REGULATION

Playtech is focused on regulated and newly regulated jurisdictions. We are also active in promoting sensible and effective regulation in emerging markets.

Regulations continue to evolve in mature, regulated markets. During 2017, the Gambling Commission of Great Britain, along with others, took significant steps to strengthen its regulatory and enforcement regime in areas covering advertising, customer fairness, social responsibility and anti-money laundering. 2018 will see regulatory changes continue to come into force, including new technical standards and a new online self-exclusion scheme. At Playtech, we are investing time and resource to meet these requirements in our operations.

Despite the first online gambling sites being launched over twenty years ago, many countries still lack a regulatory framework for online gambling. Between 2018 and 2019 licensing regimes are expected to be introduced in several European countries, including the Netherlands, Sweden, Switzerland and Germany. In Latin America, regulatory discussions are taking place in numerous countries, with Peru and Brazil in the lead. In the US, the outcome of the judicial review on sports betting could represent a milestone towards the regulation of sports betting at a federal level, while at the moment some online games are regulated only in Nevada, New Jersey, Delaware and Pennsylvania.

Financial crime also came into focus in 2017. The implementation of the fourth European Union Anti-Money Laundering Directive (AMLD) increased the profile and requirements for enhancing Anti-Money Laundering (AML) controls and the fifth AMLD is now in progression. 2017 also saw the introduction of the UK Criminal Finances Act, introducing new requirements to prevent tax evasion.

Finally, one of the most important and significant regulatory developments in a decade, the EU General Data Protection Regulation (GDPR), comes into force in May 2018.

2

GOVERNANCE AND ENGAGEMENT

Throughout 2017, the Board continued to closely oversee and monitor regulatory affairs, compliance and social responsibility. The Global Head of Regulatory Affairs and Compliance is on the Management Committee, with a direct reporting line into the CEO. The Board of Directors receives monthly updates and the Risk Committee receives quarterly reports on compliance issues.

During the past year, Playtech updated and strengthened its Anti-Bribery Corruption (ABC), Ethics, Information Security and Data Protection policies. In drafting and reviewing our policies, Playtech engaged the Institute for Business Ethics (IBE) and external counsel to ensure alignment with best practice in our peer group. Playtech also published our Statement on Human Rights and Modern Slavery. Looking to the future, Playtech will publish a new tax policy in 2018, ensuring relevant elements are reflected in other related policies.

As part of Playtech's risk management process, the Compliance and Regulatory Affairs function has day-to-day oversight of the regulatory, compliance and reputational issues contained in the Group risk register. Playtech has strengthened its risk management processes and controls and has taken steps to:

- Strengthen communications, awareness and training amongst staff;
- Integrate compliance into core functions and decision-making process and systems, including mergers & acquisitions;
- Enhance due diligence processes and controls for third parties and mergers and acquisitions;
- Improve guidance on gifts and hospitality; and
- Hardwire compliance considerations into all internal audits conducted throughout the year.

In 2017, Playtech also updated its compliance risk assessment procedure for licensees, Playtech will continue the roll-out of these measures in 2018.

TRAINING, COMMUNICATIONS AND AWARENESS

Throughout 2017, Playtech implemented a comprehensive internal communications, awareness and training program designed to increase awareness about compliance. This included the development of new materials such as The Way We Do Business booklets, posters, bespoke induction materials and a quarterly compliance newsletter featuring updates for employees.

Playtech invested significantly in a new, interactive face-to-face compliance training programme for senior and middle managers. This programme aims to ensure our senior leaders are champions in driving a culture of compliance and ethical behaviour. During the year, 447 employees across ten of Playtech's key markets underwent training in 2017. The sessions covered ABC, AML, business ethics and other compliance issues. Using an interactive format and case studies, the objectives were to ensure participants understand their personal responsibilities and provide them with the tools for more effective decision-making. 96% of participants said they were extremely or very satisfied with the training programme.

PARTNERSHIP AND COLLABORATION

Playtech is committed to build strong stakeholder relationships, share learning and support research on responsible gambling, AML and social responsibility more broadly. To this effect, we engage with peers, opinion formers, charities, industry associations and stakeholders outside of gambling to help deliver solutions to the big challenges facing the sector.

Playtech remains an active participant in industry trade associations and industry groups such as the Remote Gambling Association (RGA) and the Gambling Anti-Money Laundering Group (GAMLG). During 2017, Playtech also engaged with the Institute for Business Ethics, the Responsible Gambling Strategy Board, GamCare, Gambling Therapy and other multi-stakeholder initiatives.

REGULATION AND RESPONSIBILITY CONT.

**PARTNERSHIP AND
COLLABORATION CONTINUED**

During 2017, Playtech brought together a diverse set of stakeholders for a series of roundtable discussions. These explored how, in an increasingly data-driven world, companies can protect, empower and serve their consumers as well as win customers' trust and be responsible corporate citizens.

Playtech works with other industry leaders to encourage the regulation of online gambling across all jurisdictions and raise awareness of the regulatory options that have been adopted and successful in regulated markets. When engaging with local policy makers, Playtech shares its experience in regulated markets to promulgate best practices regarding responsible gambling and consumer protection. Playtech encourages regulators and lawmakers to support solutions that are good for a safer, more responsible consumer experience and business alike.

**3
MINIMISING INTEGRITY RISK**

Playtech takes a zero-tolerance approach to bribery, corruption and money laundering. In 2017, Playtech refreshed its Ethics and Business Conduct Policy. The policy was updated in order to reflect external best practice as well as the Company's new and evolving policies covering its approach on Speak Up, treating customers fairly, human and labour rights, diversity, the environment and responsible gambling. Playtech also updated its ABC policy, introducing new thresholds for declaring, reporting and securing approval for gifts and hospitality. The updated policies were communicated through training across the Company. In addition, Playtech completed its annual anti-money laundering risk assessment utilising the GAMLG's methodology for the AML risk assessment; which is a formal and published industry standard for AML risk assessment. The Internal Audit function also participated, reviewed and challenged the risk assessment to ensure a robust approach. As a result of new regulatory guidance and the outcome of the AML risk assessment, Playtech enhanced its operational procedures for managing money laundering risk.

In 2018, Playtech will further update all of its policies and procedures to factor in regulatory developments, such as the Criminal Finances Bill 2017 as well as the forthcoming fifth EU AML regulation and new requirements related to tax evasion. Playtech will continue to enhance its AML monitoring and review its risk and controls on a quarterly basis. Playtech will continue to use both internal audit and external counsel to review, challenge and make recommendations to enhance our risk assessment procedures.



4

TAX GOVERNANCE

TAX GOVERNANCE AND POLICIES

Playtech's tax strategy is governed by the Board and monitored by the Audit Committee. The Audit Committee reviews the tax strategy annually. The Head of Tax is responsible for ensuring that policies and procedures that support the approach to tax are in place, maintained and used consistently around the world. The Head of Tax reports to the Board on how tax risks are managed, monitored and assured

Approach to tax

Playtech is committed to complying with all relevant tax laws in a responsible manner. The Company manages its tax affairs in line with the Group's governance framework and tax strategy. Playtech is headquartered in the Isle of Man, where its Parent Company is tax resident. This location was chosen as a jurisdiction in which to develop the head office function due to shareholders benefiting from an Isle of Man company falling under the remit of the City Code on Takeovers and Mergers.

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 for being among the best technology hubs with a large population of well educated, technical experts. The Company's presence in some markets, such as Austria, Australia and Denmark is a result of acquisitions. In these locations, business activities result in payments to government which include corporate income taxes, royalty withholding tax, employment taxes, property taxes, duties and other taxes. In addition, Playtech collects and pays employee taxes as well as indirect taxes such as VAT and sales tax. The taxes paid and collected form a significant part of our economic contribution to the countries in which we operate.

The corporate tax charge for 2017 was €17.5 million (2016: €6.3 million), and our effective tax rate was 6.6% (2016: 3%). Please refer to taxation Note 8 for additional information.

TAX PLANNING

As a global company, Playtech operates in many markets. Playtech engages in tax planning that supports the 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 our licensees; and
- labour and operational cost factors.

Playtech adheres to relevant tax law and seeks to minimise the risk of uncertainty or disputes. Playtech conducts transactions between Group companies on an arm's-length basis. Playtech engages constructively with local tax authorities, either directly or through trade associations and other similar bodies, as appropriate.

5

SAFEGUARDING DATA

The safe and secure handling of data and protection of personal data are critical to Playtech's long-term success. During 2017, Playtech continued to strengthen its capabilities, ensuring resilience plans comply with national data protection laws, governing the collection, use, and disclosure of personal data in our countries of operation.

Playtech launched a Group wide program to ensure compliance with the General Data Protection Regulation (GDPR). The project covers governance, risk assessment, policies and processes, training, incident management, monitoring and data cleansing in order to drive the right behaviours regarding the handling of personal data. Playtech aims to be fully compliant with the new EU general data protection regulations by May 2018.

SUMMARY OF PLAYTECH GDPR GOVERNANCE AND PROGRAM MANAGEMENT

Governance

Throughout 2017, GDPR readiness has been a priority issue for the Playtech Board and Executive Management. The Risk Committee of the Board has primary oversight over data protection and nominated Claire Milne as the Board level champion. The Board and Executive team have fully endorsed a comprehensive roadmap, developed by the Group Data Protection Office. The Group Data Protection Office has oversight for

data protection and is supported by a cross-functional GDPR project team. The GDPR project team is overseeing the implementation of the EU GDPR requirements across the Playtech Group.

Training and Awareness

Throughout 2017, the Playtech Group Data Protection Office, supported by the GDPR project team, has been raising awareness about GDPR through workshops and training. The internal awareness activities are fully supported and reiterated by executive and divisional management, who are instrumental in delivering the tone from the top on all compliance issues.

Programme Management

The Group Data Protection Office has developed a detailed road map for implementing GDPR and is currently on track to meet the May 2018 deadline. The roadmap includes a review of all Playtech systems, policies and processes currently in place. In addition, Playtech is working with each division to ensure that organisational controls are in line with the GDPR requirements for data handling.

The Group Data Protection Office has been holding workshops for all relevant departments and functions. The objectives were to raise awareness amongst key divisions, functions and employees, review current processes and procedures and implement detailed GDPR Privacy Management Activities (PMAs). The workshops allowed internal stakeholders to understand their role, responsibilities and accountabilities for GDPR implementation. The workshops also provided senior leaders with an in depth understanding of actions and timelines required for compliance.

The GDPR project team is also working to ensure that operator/licensee requirements are taken into consideration as part of the overall project plan. With respect to contractual obligations, Playtech primarily acts as a 'Data Processor' with respect to platform services. Accordingly, Playtech will process personal data only on documented instructions from the Data Controller. In Playtech's B2B operations, it serves as a data processor, and cannot collect consent from consumers (players) nor hold records of player consent or purpose for which it was given.

On that basis, Playtech is engaging with licensees on GDPR; reinforcing respective responsibilities and encouraging necessary updates on processes or policies and/or to instructions for Playtech on changes required to the contractually agreed services.

REGULATION AND RESPONSIBILITY CONT.

6

ENABLING RESPONSIBLE GAMBLING AND PLAYER PROTECTION

Playtech is committed to provide a safe, fun and empowering experience for consumers and has taken steps to enhance its responsible gambling capability in both the B2C and B2B operations. During 2017, the Company updated its processes and launched advanced tools to identify and minimise harmful play, fraud and money laundering risks.

Playtech's long-term strategic objective is to develop and offer best in class 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; and
- improve the quality and use of data to reduce harm.

Currently, Playtech's integrated management system (IMS) provides operators and licensees with the latest responsible gambling protocols. The IMS includes controls to ensure fair play through fraud-detection services and responsible gambling tools for players. Playtech also provides licensees with advanced data analytics tools.

To build on Playtech's market-leading position, the Company acquired BetBuddy, a leading responsible gambling analytics solution provider, in late 2017. With this acquisition, Playtech will be able to more seamlessly provide its licensees with tools and data to promote safer play, identify and mitigate at-risk behaviour and improve the use of data to reduce harm.

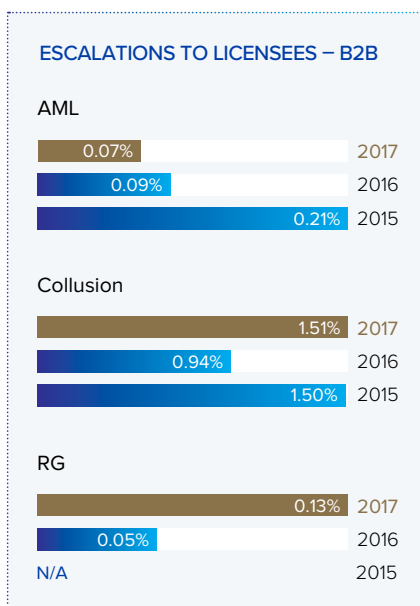
PLAYER PROTECTION AND GAME DESIGN

In 2017, Playtech and BetBuddy conducted an exploratory project to review how data analytics could be used to better understand gaming risks. The team analysed the play of regular players across casino games and began developing a multi-year roadmap for sustainable game design. Playtech is now exploring options for future advanced responsible gambling tools to assist game designers, licensees and players. The first phase of work in 2018 will focus on additional data collection and game risk assessment, upon completion of which potential solutions and pilots will be developed.

PLAYER PROTECTION AND KEEPING CRIME OUT OF GAMBLING IN POKER PLATFORM

Within the poker network, Playtech employs its analytical skills to proactively identify 'at-risk' play and unusual betting patterns that could indicate a potential responsible gambling and/or anti-money laundering issue. Once the team identifies potential issues, it escalates these issues to licensees to take action. In 2016, iPoker started informing poker licensees of players whose financial returns fit a pattern of sustained losses and sends a monthly responsible gaming report. The report provided to the licensee is done so on an information only basis and is to be used in conjunction with any existing responsible gaming procedures the licensee already has in place. Due to the limited information available to iPoker, the team cannot decide whether a player has a gambling problem, but can help flag potential at risk play for licensees.

The following table outlines the percentage of unique cases escalated to licensees on AML, collusion and responsible gambling over the past three years.

**PLAYER PROTECTION IN LIVE CASINO**

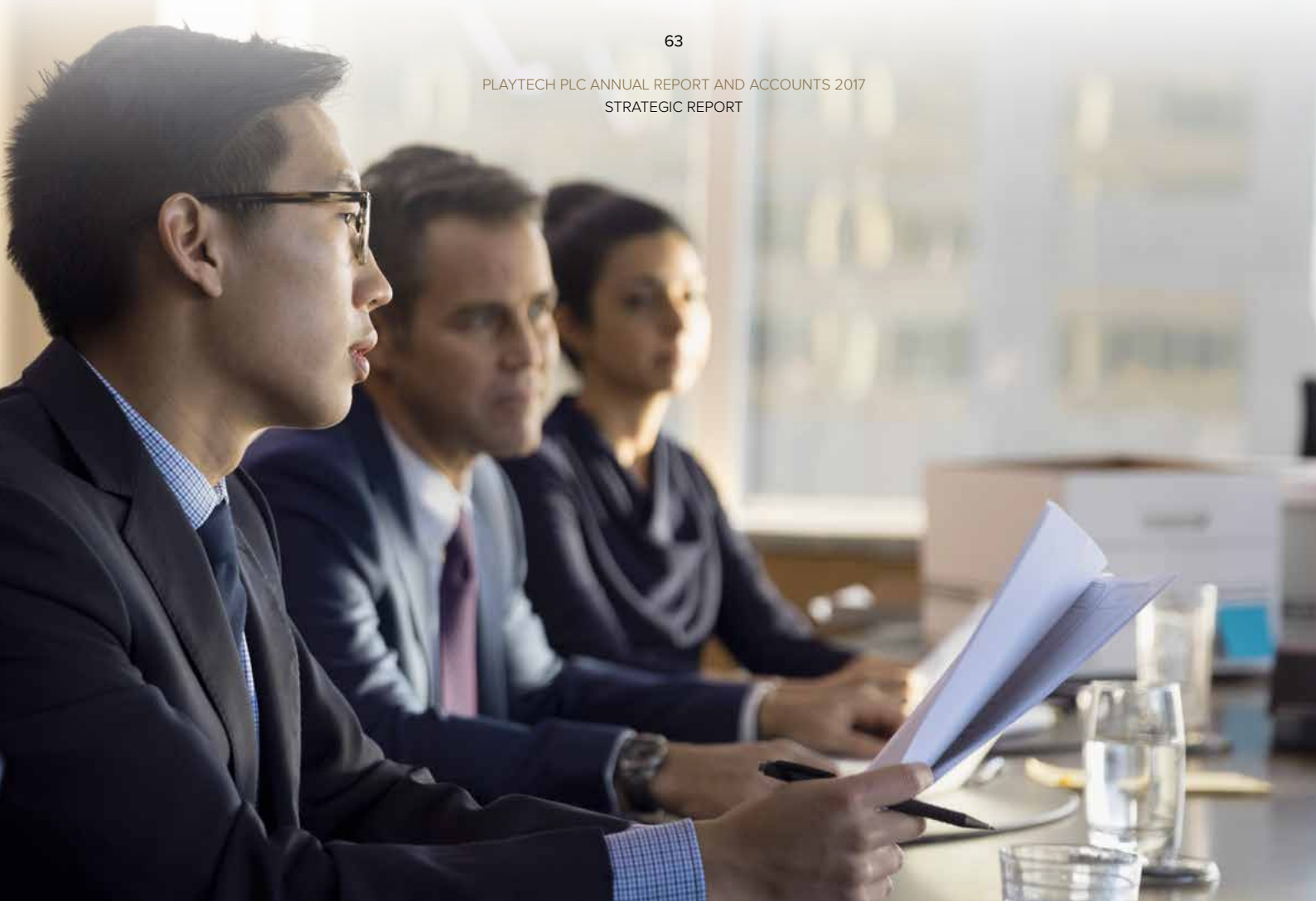
Playtech's Live operations provides licensees with information about player behaviour that could indicate that players are at-risk. As with iPoker, the Live Casino operation has very limited access to personal information, but Live's customer support personnel have been trained to identify risky player behaviour and employ a machine learning application that analyses chat for phrases that could indicate a player is at risk.

Upon noticing such behaviour, the players must be documented and reported to licensees. Prior to doing so, Customer Service personnel view the particular player's chat and previous months sessions to evaluate if the player is displaying problematic behaviour. Customer Service then informs the licensee via email with a report table and chat excerpt as soon as possible. Licensees can then use the information from Live, along with all of the gameplay and financial information that the licensee holds, in order to further analyse the player behaviour and decide if and what further actions are needed.

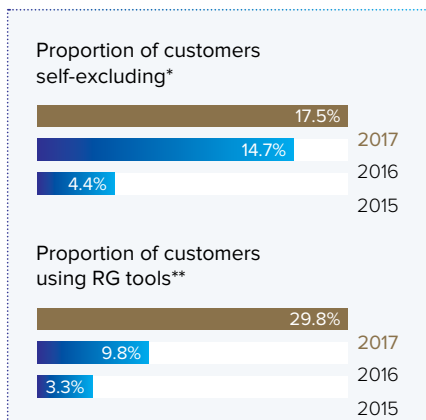
ENABLING RESPONSIBLE GAMBLING AND KEEPING CRIME OUT OF GAMBLING IN B2C OPERATIONS

The governance, oversight and management of player protection measures in Playtech's B2C operations were also subject to improvements during 2017. During this period, Playtech completed an AML risk assessment for its B2C operations, using the Gambling Anti-Money Laundering Group's methodology. As a result of the assessment, Playtech has enhanced its operational procedures relating to VIP & high-risk players, e-wallets and customers changing personal details online. The AML risk assessment will be conducted annually alongside a broader compliance risk assessment. During 2018, Playtech will continue to enhance its AML monitoring, reviewing risks and controls on a quarterly basis.

In addition, the operations continued its reviews of players that exhibit significant increases and changes in deposits, wagering and gaming activity that could indicate AML and/or responsible gambling risk.



USE OF RESPONSIBLE GAMBLING TOOLS – B2C



* 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.

In 2017, Playtech partnered with GamCare to deliver targeted responsible gambling training across B2C operations, including customer service staff, chat moderators, product leads, VIP teams and senior managers. This was complemented with efforts to improve awareness and adherence to responsible advertising and marketing practices, anti-money laundering and data protection.

7

TREATING CUSTOMERS FAIRLY

Playtech is committed to treating its consumer and commercial customers fairly. As one of the largest suppliers of software to the gaming sector, we work hard to ensure our systems comply with all relevant requirements of the jurisdictions in which our licensees operate.

All of Playtech's products undergo comprehensive testing by independent third parties. As part of the certification process, our games and their software engines – including the random number generators – are regularly tested and certified by leading industry bodies to ensure consistency and fair play.

In the B2C operations, Playtech is committed to advertising and marketing products fairly, providing players with clear and accurate information and easy access to customer services. All customers have the option to refer complaints to the Independent Betting Service (IBAS), our independent Alternative Dispute Resolution (ADR) body. In 2017, we reengineered our processes for bonus, promotion and advertisements to ensure that they are developed and approved with three key principles in mind: Compliance, Transparency, Fairness.

In October 2017, the Gambling Commission of Great Britain and UK's Competition and Markets Authority (CMA) initiated a joint initiative to address concerns about consumer fairness by online gambling operators. The focus of the investigation was on unfair practices around gaming sign-up and free bet promotions. One of Playtech's wholly owned subsidiaries, PT Entertainment Services Limited, gave undertakings to the CMA and made the required changes to its operations. Because of the new CMA requirements, Playtech is deploying the necessary changes within IMS to help our operations and licensees meet the new requirements.

REGULATION AND RESPONSIBILITY CONT.



GIRLS IN TECH GIBRALTAR – EMPOWERING THE NEXT GENERATION OF WOMEN IN TECH

Playtech is proud to support the launch of the Girls in Tech Gibraltar chapter, which opened its doors in early 2017. The chapter, which is part of a global network of 64+ chapters across the globe, was established to inspire, engage and empower women in STEM fields.

Throughout the year, the Gibraltar chapter delivered a wide range of events to facilitate exchange of experiences and inspiring stories, to build new programming skills and to help deliver solutions for social challenges.

Through its two day programming Bootcamp, the chapter enabled 24 participants, with little to no technical knowledge, to deliver a fully functional blog application; launching their own deployments of the software to the internet. Not only did participants learn new skills but a number are also contemplating continuing their education with a view towards changing their career to a technical focus.

The chapter also sponsored a 'Hacking for Humanity' initiative to engage local communities and charities on their challenges in order to explore and create innovative and forward-thinking solutions for important causes. Participating charities included Childline, Animals in Need and Understanding Gibraltar.

The Gibraltar Finance Centre joined the sponsors list and provided monetary prizes for the top three places, with first place receiving £2,000 in prize money for their winning solution that provided a complete and modern solution to replace Childline's legacy call centre and management software. This initiative provided positive and sustainable benefit in the future.

Throughout the year, the Gibraltar chapter has attracted the attention and support of professionals in both the public and private sector as well as the Chief Minister of Gibraltar and the newly appointed Mayor.

In addition, their work has caught the attention of educational institutions who want to provide their students with the excitement and potential that the STEM fields present to today's younger generation.

8

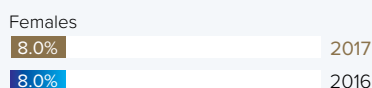
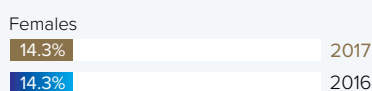
DIVERSITY AND INCLUSION

Playtech has approximately 5,000 people in 17 different countries and relies on diverse backgrounds, cultures and perspectives to remain successful. We embrace people from different cultures, ethnicities, social backgrounds and beliefs. Playtech recognises it must do more to attract, recruit, and promote a diverse workforce across all levels. The Company's immediate focus is on creating and supporting a diverse pipeline of future leaders within the Company.

In 2017, Playtech took a number of steps to improve its recruitment, promotion, and mentoring practices and procedures to support our commitments. These included testing blind CVs.

In addition to reviewing internal processes, Playtech engaged with various diversity initiatives aimed at furthering inclusion and equality within our markets and the gaming & technology sector.

Playtech initiated, engaged and joined initiatives aimed at empowering women and underserved segments of society to access and be successful in the digital economy. For example, Playtech Estonia has continued to support the Tech Sisters community, a nonprofit organisation with a vision to inspire, educate and encourage women and girls in technology and IT. In 2017, Playtech was proud to host the kick-off of the Tech Sisters Tartu chapter. Playtech Estonia also participated in a government initiative called 'Choose IT'; an adult retraining programme aiming to give participants basic software developer skills. Participants receive a basic intensive training and internship in IT companies. In 2017, Playtech Estonia was proud to welcome two such interns in the Playtech Tallinn office. In addition, Playtech Estonia participated in a government initiative aimed at improving employment opportunities in IT for people with (partial) disabilities and Playtech Estonia is also donating its expertise and hardware to a local NGO that unites people with physical disability.

GENDER DIVERSITY – WOMEN AS A PROPORTION OF TOTAL EMPLOYEES (31 DECEMBER 2017)**Employees*****Senior Managers******Directors*****

- * Employees are defined as the total number of employees on the payroll on the final day of the calendar year (31 December).
- ** Senior Managers are defined as the top 100 highest earning employees at Playtech. 2016 figures have been restated to reflect this new definition.
- *** Directors are defined as Board Directors on 31 December.

9

MANAGING OUR ENVIRONMENTAL FOOTPRINT

Playtech's environmental footprint is limited compared to that of our peers with industrial operations. However, Playtech recognises that the energy it consumes in offices and data centres creates greenhouse gases (GHG) that contributes to climate change. Climate change remains one of the biggest challenges facing humanity, and Playtech is committed to reducing its GHG footprint by being as efficient as possible. To date, as a young but fast-growing business, Playtech has focused on strengthening its approach to energy data collection and analysis. In the next phase, Playtech plans to identify energy hotspots within its operations and put in place plans to reduce emissions.

10

CONTRIBUTING TO LOCAL COMMUNITIES

Playtech people are at the forefront of innovation. Together, employees have a wealth of valuable skills and experience. In 2017, Playtech began to develop and formalise a new program to support and encourage employees to use their skills to make a positive social impact in the communities where the Company operates. This program will be fully deployed in 2018, providing employees with support to connect with the causes they are passionate about, taking time off for volunteering as well as contributing to individual and team fundraising.

The Strategic Report on pages 2 to 66 is approved by the Board of Directors and signed on their behalf:

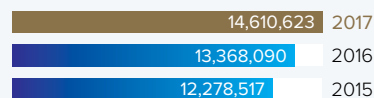
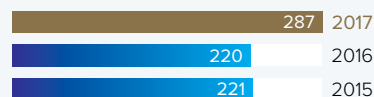


Mor Weizer
Chief Executive Officer



Andrew Smith
Chief Financial Officer

22 February 2018

GREENHOUSE GAS EMISSIONS**Energy consumption (kWh)*****Scope 1 energy emission - gas (Tonnes CO₂e)******Scope 2 emissions electricity*** and district heating** (Tonnes CO₂e)****Total GHG emissions (tonnes CO₂e)****CO₂ Intensity (CO₂e/employee)**

- * 2017 absolute data is an estimate based on 99% actual data coverage by headcount.
- ** Using the latest Department for Environment, Food & Rural Affairs (DEFRA) gas and district heating conversion factors (CO₂e).
- *** Using the latest DEFRA electricity conversion factor (CO₂e) for all UK locations and the latest International Energy Agency (IEA) conversion factors for all non-UK sites (CO₂).



SPOTLIGHT

ESTONIA – INCREASING ACCESS TO DIGITAL SKILLS AND CAPABILITIES

Throughout 2017, Playtech offices around the world dedicated their expertise, time and resources to building work with vulnerable groups, young people, public institutions and members of the local communities to build the confidence and skills to be successful in a digital economy.

Playtech Estonia sponsored three of the largest ICT events in Estonia: Geekout, Nordic Testing Days and Topconf Tallinn as well as the largest startup festival – STARTUp Day 2017.

In addition, Playtech Estonia sponsored Tartu HuvITERA programmers' lab for the 2017/2018 academic year, which is dedicated to supporting young programmers. In addition, smaller sponsorships and prizes were given out to local LAN events.

Throughout the year, Playtech Estonia employees donated their time to host workshops, teach, mentor, and host job shadowing for students interested and/or specialising in ICT. These initiatives enabled participants to learn more about hardware, PCs and ICT as well as career and internship opportunities in IT and encouraged to take an internship/work in this field. Employees also participated in curriculum reviews and served as judges/mentors in some tech-related contests, events and conferences.

GOVERNANCE

CHAIRMAN'S INTRODUCTION TO GOVERNANCE



The Board believes that high standards of corporate governance contribute to Playtech's performance and continued success.

Alan Jackson
Chairman

DEAR SHAREHOLDER

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

This was a busy year for the Group during which time the Board has been able to provide strategic leadership and I would like to pass on my gratitude for the enthusiasm and dedication which the Directors and senior management have demonstrated. We have continued to focus on ensuring that we have an appropriate governance framework in place. The Board believes that high standards of corporate governance contribute to Playtech's performance and continued success and these standards are central to the effective management of the business and to maintaining the confidence of investors.

The Board has confidence in the future of the Group and sees significant growth opportunities, and remains focused on looking for such opportunities in regulated and soon-to-be regulated markets. We continue to work closely with regulators in various markets to ensure our compliance with local laws and regulations.

Following the strengthening of our Internal Audit Team in 2016, we have continued with our commitment to having a dedicated in-house function 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 continued to listen to and understand the views of our shareholders. In addition to the usual processes, we met with institutional shareholders, particularly around our proposals for changes to our Remuneration Policy which were approved at our general meeting in May, together with results announcements and at different investor conferences with a focus on the strategic vision of the Group.

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.

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.

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 2018 AGM is scheduled for 10.00 am on 16 May 2018 at The Sefton Hotel, Douglas, Isle of Man and we look forward to seeing you there.

Alan Jackson
Chairman

22 February 2018

TRUSTED LEADERSHIP

BOARD OF DIRECTORS



1
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.

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.

2
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. Until June 2013 he was a Non-executive Director of Sportech PLC as the Company's representative, and resigned when Playtech disposed of its shareholding.

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.

3
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.

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.

4

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 chairs the Audit Committee, which oversees the work of the internal auditors and sits on the Remuneration, Nomination and Risk & Compliance Committees. He is also the Senior Independent Non-executive Director.

5

PAUL HEWITT**NON-EXECUTIVE DIRECTOR****Appointment to the Board:**

Paul was appointed to the Board in August 2015.

Career:

Paul is a qualified accountant, and his recent executive responsibilities included being the Deputy Group Chief Executive and Chief Financial Officer of the Co-Operative Group from 2003 to 2007; and Finance and IT Director of the RAC plc from 1999 to 2003. Since starting to build a portfolio of non-executive roles in 2007, Paul has helped many management teams adapt their business models to respond to, and anticipate, changes in their regulatory

environments, including as Non-executive Director and Chairman of the Audit Committee of Tesco Bank from 2012 to 2014.

Skills, competences and experience:

Paul brings a wealth of experience across a variety of sectors, including in the financial services industry.

Board Committees:

Paul is Chair of the Risk & Compliance Committee and sits on the Audit Committee, Remuneration Committee and Nominations Committee.

6

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 PLC 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 is Chair of the Remuneration Committee and sits on the Audit Committee, Risk & Compliance Committee and Nominations Committee.

7

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 sits on the Remuneration Committee, Risk & Compliance Committee, Audit Committee and 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 (the "Code"). The Code applied to Playtech throughout the financial year ended 31 December 2017. A copy of the Code is available at www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Corporate-Governance-Code.aspx.

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 2017.

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.

THE BOARD

COMPOSITION

As at 31 December 2017, the Board comprised the Non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer, and four independent Non-executive Directors. The list of Directors holding office during the year to 31 December 2017 and their responsibilities are set out on pages 68 and 69.

With the exception of Andrew Smith who was appointed as an Executive Director and Chief Financial Officer on 10 January 2017, the Directors served throughout the financial year.

Ron Hoffman stepped down as an Executive Director and Chief Financial Officer on 10 January 2017.

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; and
- 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; and
- Ensuring that the affairs of the Group are conducted with the highest standards of integrity, probity and corporate governance.

Director's Name	Title
Alan Jackson	Non-executive Chairman
Mor Weizer	Executive Director, Chief Executive Officer
Andrew Smith	Executive Director, Chief Financial Officer (appointed on 10 January 2017)
Andrew Thomas	Non-executive Senior Independent Director
Paul Hewitt	Non-executive Director
John Jackson	Non-executive Director
Claire Milne	Non-executive Director

MATTERS CONSIDERED BY THE BOARD IN 2017

Month	Material matters considered
January	• Review of operations • Appointment of Joint Broker • Budget FY2017
February	• Review of the 2016 financial results and approval of the Annual Report and Accounts for 2016 • Consideration of a final dividend • Review of merger & acquisition opportunities • Proposal on community engagement
April	• Review of Asian Markets • Review of merger & acquisition opportunities • Review of Sun Bingo
May	• Review of UK Market • Review of operations • Prepare for AGM and GM
June	• Review of banking arrangements • Review of Sun Bingo • Review of tax planning • Review of current trading
August	• Review of interim results • Consideration of interim dividend • Review of tax planning
October	• Full year forecast 2017 • Update from management meeting • Review of merger & acquisition opportunities
November	• Trading Update • Full year forecast 2017 • Review of Asian Markets • Review of Sun Bingo • 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 9 meetings scheduled and held in 2017. During the year, it was also necessary for the Board to hold one unscheduled Board meeting by telephone in accordance with the articles of association, in connection with the trading update announced in November 2017.

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 2017 are set out in the table on page 71.

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 each of Vienna, Gibraltar and 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 co-ordinating 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;

Number of meetings	Board	Audit	Remuneration	Nominations	Risk
Alan Jackson	9 of 9	–	9 of 9	1 of 1	4 of 4
Mor Weizer	9 of 9	–	–	–	–
Andrew Smith	8 of 9	–	–	–	–
Claire Milne	9 of 9	4 of 4	9 of 9	1 of 1	4 of 4
John Jackson	9 of 9	3 of 4	9 of 9	1 of 1	4 of 4
Andrew Thomas	9 of 9	4 of 4	9 of 9	1 of 1	4 of 4
Paul Hewitt	9 of 9	4 of 4	9 of 9	1 of 1	4 of 4

- 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; and
- Corporate governance matters.

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 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 77 to 79 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.

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 80 to 94 and contains details 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.

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. 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 Paul Hewitt. The other members of the Committee are Alan Jackson (Non-executive Chairman), Andrew Thomas (Non-executive Director), John Jackson (Non-executive Director) and Claire Milne (Non-executive Director). Ian Ince (Head of Regulatory and Compliance) and Robert Penfold (Head of Internal Audit) attend the Committee. The Company Secretary, Brian Moore, is secretary to 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; and
- Monitor and procure ongoing compliance with the conditions of the regulatory licences held by the Group.

DIRECTORS' GOVERNANCE REPORT CONT.

The Risk & Compliance Committee met formally four times during the year and in addition held a number of conference calls throughout the year, and a summary of the key matters considered by the Committee during 2017 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 regime in the United Kingdom 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;
- Monitoring 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; and
- Consideration of the key risks associated with the Financials division.

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 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 54 to 57 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, Paul Hewitt, John Jackson and Claire Milne.

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. One formal meeting was held in 2017. The meeting focused on the consideration of candidates for the appointment of Executive Director and Chief Financial Officer. This led, after a process involving the review of a number of potential candidates, to the appointment of Andrew Smith in January 2017. No external search consultancy was used in the appointment of Andrew Smith; however, a list of candidates from a range of backgrounds was prepared. The Nominations Committee went on to recommend Andrew Smith's appointment as an Executive Director and Chief Financial Officer of the Company having considered in detail his skills, knowledge, experience and contribution to the business in his role as Head of Investor Relations.

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 and Transparency Rules of the UK Listing Authority. Meetings are held as required. At the date of this report the Disclosure Committee comprises Andrew Thomas (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), Ian Ince (Head of Regulatory and Compliance), Brian Moore (Company Secretary) and Alex Latner (General Counsel). 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 of 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) next 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, 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.

A review of the Board's effectiveness commenced in late 2017. This review was facilitated 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 2018.

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.

DIRECTORS' GOVERNANCE REPORT CONT.

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 and John Jackson 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 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 in conjunction with either the Chief Executive Officer or the Chief Financial Officer. The Company held an Investor Day in November 2017.

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

Brickington Trading Limited ("Brickington") is a wholly owned subsidiary of a trust, the ultimate beneficiary of which is Teddy Sagi, one of the Group's founders. On 2 December 2016, the Company and Brickington entered into a variation to the relationship agreement (the "Relationship Agreement"), whereby the rights afforded to Playtech in the Relationship Agreement will remain in place for so long as Brickington's holding (together with its associates) remains at least 15% of the issued share capital.

During 2017, Brickington reduced its shareholding in the Company to 6.3% by the sale of 13.0 million shares in March 2017 and a further sale of 36.5 million shares in June 2017. Accordingly, following the completion of the second sale in June 2017, the Relationship Agreement was terminated in accordance with its terms.

The Board confirms that up until its termination in 2017:

- The Company complied with the independence provisions included in the Relationship Agreement;
- So far as the Company is aware, the independence provisions included in the Relationship Agreement had been complied with by Brickington and its associates; and
- So far as the Company is aware, the procurement obligations included in the Relationship Agreement, had been complied with by Brickington and its associates.

Separately, Mr Sagi entered into an agreement with the Company in 2012 pursuant to which he will, as and when requested to do so by the Board, provide advisory services to the Company for a nominal fee of €1 per annum until either Mr Sagi ceases to be interested (whether legally or beneficially) in any ordinary shares or either party terminates the agreement following its fifth anniversary, whichever is the earlier. During the year, the Company has sought advisory services on occasion in relation to certain significant strategic matters. This agreement to provide advisory services remains in place.

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 2017, 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 2017 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

22 February 2018

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee comprises four independent Non-executive Directors and is chaired by Andrew Thomas, who is a qualified Chartered Accountant and member of the Institute of Taxation. Therefore Andrew has recent relevant financial experience, in compliance with the Code provision C3.1, and was appointed to chair the Committee on his appointment to the Board in June 2012. The other members of the Audit Committee are Paul Hewitt, John Jackson and Claire Milne, 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. The Chairman of the Committee also met with BDO separately on several occasions to discuss matters involving the audit process.

During the year, the Chairman of the Audit Committee 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 gain a good understanding of the culture of the organisation, the risks and challenges faced and the adequacy and timeliness of the action 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.

In particular, the Code calls for the description of the work of the Audit Committee to include 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 to appointing 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; and
- Ensuring audit independence and pre-approving any significant non-audit services to be provided by the auditor.

AUDIT COMMITTEE'S ACTIVITIES

In 2017, the Audit Committee met formally four times.

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

- Adoption of an updated risk register for the Group;
- 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; and
- 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 115 to 156).

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.

AUDIT COMMITTEE REPORT CONT.

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 reviewed and considered Board papers prepared to support assessments of the fair value of contingent consideration, and any impairment considerations, in respect of the acquisitions of TradeTech Markets Limited, Consolidated Financial Holdings A/S, and ACM Group Limited.

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 received a report on the outcome of the impairment reviews performed by management, together with a specific board memorandum in connection with the cash generating units in the Financials Division. 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 were 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 2017 and concluded that the process 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 meets the definition of a related party. 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 consider 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.

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, we strengthened our Internal Audit Team during 2016. 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 2018 was developed by the Internal Audit Team and agreed with the Audit Committee at the November 2017 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 Board 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; and
- 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 and the evaluation of potential acquisition targets). BDO were selected to undertake these tasks due to their familiarity with the gambling industry. 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 page 128.

The Audit Committee will continue to assess the effectiveness and independence of the external auditors. In doing so, the Audit Committee will consider a formal tender process in accordance with the provisions of the Code. The Audit Committee will continue to comply with the Competition Commission Order relating to the statutory audit market for FTSE 350 companies, which came into effect from 1 October 2014. The Audit Committee expects a formal tender process to begin in the latter half of 2018.

Andrew Thomas
Chairman of Audit Committee

22 February 2018

STATEMENT BY THE COMMITTEE CHAIRMAN

REMUNERATION REPORT



Remuneration is delivered via fixed remuneration and simple and transparent incentive-based plans.

John Jackson
Non Executive Director

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 2017. This report, describes how the Board has applied the principles of the UK Corporate Governance Code to Directors' remuneration.

Although Playtech is an Isle of Man incorporated entity and, as such, is not required to comply with the UK regulations on Directors' remuneration, we recognise the importance of shareholder transparency. Accordingly, we can confirm that the Company adheres to the UK regulations and the report below is divided into: (i) this Annual Statement; (ii) the Remuneration Policy Report containing the Group's Remuneration Policy, and (iii) the Annual Report on Remuneration (or ARR) that reports on the implementation of the Company's stated Remuneration Policy for the year to 31 December 2017.

As the Company, so far as practicable, takes account of the UK legislation applicable to a premium listed main market company, the Remuneration Policy was put to a vote at a general meeting held immediately after the

Annual General Meeting in May 2017.

The resolution to consider the Remuneration Policy was approved with 83.89% of votes cast being in favour.

The Committee wishes to ensure that the policy:

- Is aligned to the delivery of the Group's business strategy;
- Is appropriate in terms of quantum taking into account the experience of the executives and market data for organisations of a similar size and complexity;
- Is sufficiently flexible to cope with changes to the Group over the life of the policy; and
- Will strengthen the alignment between executives and shareholders

and therefore, will be in the best interests of shareholders to ensure future growth of the Group.

The ARR and this Statement will be the subject of an advisory shareholder resolution at the forthcoming AGM.

PHILOSOPHY

Our Remuneration Policy, which is set out in more detail in this report, 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.

PERFORMANCE OUTCOME FOR 2017

2017 was another year of strong operational and financial performance. Progress has been driven through strong organic growth, successful acquisitions and strategic agreements.

In November 2017, we issued a trading update and noted the impact of certain Asian markets and Sun Bingo performance on the Group's performance for the full year. We noted our intention to continue with our strategy of focusing on both organic growth and inorganic revenue growth in regulated and to-be-regulated markets. Our M&A pipeline remains very strong and the Company is in active discussions with a range of Gaming businesses consistent with executing this strategy and with the expectation that the relative contribution from Asia to the Group will consistently reduce over time.

This focus on our strategy resulted in achieving strong results across our key financial performance measures including growth, on a reported basis, in revenue of 14%, Adjusted EBITDA 7%, Adjusted Net Profit 14% and diluted EPS increased by 14%.

Given the strong financial and operational results, the Remuneration Committee considered that the Executive Directors had performed exceptionally well against both the challenging financial targets and the other strategic objectives given to them at the start of 2017, including successful negotiations with new and existing customers, expanding the business in regulated and soon-to-be regulated markets, strengthening the Group's regulatory functions in light of increased regulation in the UK and elsewhere and our new acquisitions during the year including Eyecon Group and ACM Group together with a new agreement with OPAP. Accordingly, in recognition of this strong performance, the Committee has, consistent with our Remuneration Policy, awarded a bonus of 186% of actual salary earned during the year to the CEO and 139% of actual salary earned during the year to the CFO. The Committee is very comfortable that this level of bonus reflects the delivery of superior financial performance together with the strong personal performance and commitment of the Executive Directors during 2017. Further details of the bonuses are set out in the ARR.

The Remuneration Committee considered the position of awards to Executive Directors pursuant to the Group's Long-Term Incentive Plan 2012 and made grants to them in June 2017. Further details of the grants are set out in the ARR. The LTIP awards granted in 2015 reached the end of their three-year performance period on 31 December 2017. The 70% of the award based on EPS vested in full as the stretching targets were met, The 30% of the award based on TSR just failed to achieve the necessary performance threshold and so lapsed.

As stated in our Remuneration Policy, salaries for the executive directors are normally reviewed in June and salary increases were awarded to both the CEO and CFO in June 2017. Further details are set out in the ARR. As regards the salary increase for the CEO, the Committee took into account a number of key factors, including his unparalleled contribution to the Group over an extended period. The Committee was also cognisant of the competitive landscape in the gaming industry and the CEO's proven ability to grow the business in a challenging market environment. The Committee felt that the time was right to recognize his enormous contribution and continuing dedication to the business. Taking these and other factors into account, it was decided to increase the CEO's salary from GBP600,000 to GBP1,000,000 with effect from 1 June 2017.

The Committee is satisfied that the total remuneration of the Executive Directors is reasonable and not excessive in the context of performance delivered and is in line with the total remuneration delivered in comparable businesses in the Gaming sector.

During 2017 the Committee sought shareholder approval for a special one-off share award to the CEO. Although we believe that the award was appropriate in the context of the specific circumstances, we recognise that a majority of shareholders did not support the proposal. We considered the feedback received from shareholders and, after further consideration, we decided not to return to shareholders with a revised proposal in 2017.

IMPLEMENTATION OF REMUNERATION POLICY FOR 2018

The Remuneration Committee believes the current Policy reinforces the Company's strategy to create a business with significant scale and a full product and service capability, underpinned by a pre-eminent technology platform. We believe that the policy and incentive framework we have in place can support the Company's strategy in the current economic environment and help to retain and incentivise our management team in order to assist in driving strong returns for our shareholders. Details of how we intend to implement the Remuneration Policy for 2018 are set out on page 90.

The Remuneration Committee encourages dialogue with the Company's shareholders and would welcome any comments or questions from investors ahead of the 2018 AGM. The Committee and I hope we can count on your support at the 2018 AGM for the application of a Remuneration Policy which supports the business strategy and will reward the long-term success of the business.

John Jackson

On behalf of the Remuneration Committee

22 February 2018

REMUNERATION POLICY REPORT

REMUNERATION REPORT

At the time of publication of last year's report, the Committee was still in consultation with shareholders on a proposed revised Remuneration Policy. Shareholders were asked to formally approve the revised Policy at a General Meeting held immediately after the 2017 AGM. The resolution to consider our revised Remuneration Policy was approved with 83.89% of votes cast being in favour.

The Remuneration Committee reviews the Company's remuneration philosophy and structure each year to ensure that the remuneration framework remains effective in supporting the Company's strategic objectives, is in line with best practice and fairly rewards individuals for the contribution that they make to the business, having regard to the international nature, size and complexity of the Group's operations and the need to attract and motivate employees of the highest calibre.

Remuneration packages are designed to reward the Executive Directors and members of the senior management team fairly for their contributions, whilst remaining within the range of benefits offered by similar companies in the sector.

The Committee believes that the individual contributions made by Executive Directors and senior management are fundamental to the successful performance of the Company. The Committee, after discussion with the Executive Directors and its advisers, has therefore adopted a Remuneration Policy with the following objectives:

- Seek 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 at the required calibre, particularly in potential new markets;
- Be simple and understandable;
- Provide good lock-in of key employees through deferred elements; and
- Avoid reward for failure.

The Committee believes that its Remuneration Policy creates a coherent and appropriate framework for remunerating Executive Directors and other senior executives of the Company and draws a clearer link between performance and reward. The details of this policy are clearly set out in the following pages.

The Committee considers that the targets set for the different components of performance related remuneration are both appropriate and sufficiently demanding in the context of the business environment and the challenges with which the Group is faced as well as complying with the provisions of the UK Corporate Governance Code.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

The following table gives an overview of the Remuneration Policy for the Executive Directors:

Element and maximum	Purpose and link to strategy	Operation	Maximum	Performance targets
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 June 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
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	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	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

REMUNERATION POLICY REPORT CONT.

Element and maximum	Purpose and link to strategy	Operation	Maximum	Performance targets
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 Awards may be subject to recovery and withholding provisions for a period of three years post vesting in certain circumstances	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	20% of salary	N/A
Other benefits	To help attract and retain high calibre individuals	Benefits may include private medical, 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 from time to time 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 200% of their base salary Executive Directors are required to retain 50% of the net of tax out-turn from the vesting of awards under deferred bonus plan and the LTIP until a shareholding with a minimum value has been achieved	N/A	N/A

Element and maximum	Purpose and link to strategy	Operation	Maximum	Performance targets
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

EXPLANATION OF CHOSEN PERFORMANCE MEASURES AND TARGET SETTING

Performance measures have been 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 stretching performance.

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 over a number of years 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 of 400% and 300% of salary for the Chief Executive Officer and Chief Financial Officer respectively. 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 (including use of awards made under section 9.4.2 of the Listing Rules) in order to compensate the individual for remuneration that would be forfeited from the current employer. To the extent practicable 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.

REMUNERATION POLICY REPORT CONT.

SERVICE CONTRACTS AND EXIT PAYMENTS

EXECUTIVE DIRECTORS

The service agreements of the Executive Directors are with PTVB Management Limited, a wholly owned Isle of Man incorporated subsidiary of the Company. The service agreement of the Chief Executive Officer was amended effective from 1 January 2013. His service agreement is for an indefinite term and provides for formal notice of 12 months to be served to terminate the agreement, either by the Company or the Director. Andrew Smith was appointed as an Executive Director and Chief Financial Officer on 10 January 2017. His service agreement is for an indefinite term and provides for formal notice of six months to be served to terminate the agreement, either by the Company or the Director. Set out in the table below are the other 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 for the notice period served (not on garden leave).

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 Committee's policy is for the award to 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. The Committee acknowledges that Executive Directors leave for a variety of reasons that do not necessarily fall within the prescribed categories in the plan rules. It therefore retains discretion to deem an individual to be a 'good leaver' in accordance with the plan rules and in making that decision will take into account the performance of the individual in office and their reason for leaving.

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 on page 87 is a summary of the key terms of the letters of appointment for the Non-executive Directors.

In accordance with provision B.3.2 of the UK Corporate Governance Code 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

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 require a different level of salary increase for Executive Directors.

The Company extends its annual bonus plan and share awards to senior management and other key members of the workforce as the Remuneration Committee feels that it is important to incentivise and retain these employees in order for the Company to continue its development.

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 on either side for the CEO and six months' notice for the CFO.
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 phased payments where appropriate.
Restrictive covenants	During employment and for 12 months thereafter.

CONSIDERATION OF SHAREHOLDER VIEWS

The Company is committed to engagement with shareholders and will seek major shareholders' views in advance of making significant changes to its Remuneration Policy.

LEGACY ARRANGEMENTS

For the avoidance of doubt, 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.

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); and
- 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; and
- 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 pay-out 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.

Name	Date	Term	Termination
Alan Jackson	29 August 2013	Until third AGM after appointment unless not re-elected.	120 days' notice on either side or if not re-elected, disqualification or commits gross misconduct.
Andrew Thomas	19 June 2012	Until third AGM after appointment unless not re-elected.	120 days' notice on either side or if not re-elected, disqualification or commits gross misconduct.
Paul Hewitt	27 August 2015	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.
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.	90 days' notice on either side or if not re-elected, disqualification or commits gross misconduct.

ANNUAL REPORT ON REMUNERATION

The sections of this report subject to audit have been highlighted.

DIRECTORS' EMOLUMENTS (IN €) (AUDITED)

Executive Director	2017	Mor Weizer 2016	2017	Andrew Smith 2016
Salary ¹	950,336	703,801	385,235	–
Bonus ²	1,746,034	1,359,371	533,949	–
Long-term incentives	1,296,787	208,952	139,170	–
Benefits ³	43,854	26,077	22,177	–
Pension	154,565	48,130	58,279	–
Total emoluments	4,191,576	2,346,331	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. As noted on page 90, the salary for Mor Weizer was increased from £600,000 to £1,000,000 with effect from 1 June 2017 and the salary for Andrew Smith was increased from £325,000 to £350,000 with effect from 1 June 2017.

2 The figure for bonuses in 2017 above represents a payment as determined by the Remuneration Committee for the Executive Directors given the strong performance during the period and by reference to their actual salary earned during the year to 31 December 2017. The bonuses were determined in Pounds Sterling and then converted into euros at the exchange applicable as at 31 December 2017. 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	2017	Fees 2016	Annual bonus 2017	2016	2017	Benefits 2016	2017	Pension 2016	Total emoluments 2017	2016
Alan Jackson ¹	438,864	468,461	–	–	10,459	10,528	–	–	449,323	478,989
Andrew Thomas	117,104	121,995	–	–	–	–	–	–	117,104	121,995
Paul Hewitt	117,104	121,995	–	–	–	–	–	–	117,104	121,995
John Jackson	117,104	121,995	–	–	–	–	–	–	117,104	121,995
Claire Milne	117,104	55,904	–	–	–	–	–	–	117,104	55,904

1 Alan Jackson was provided with a company car during the year.

DETERMINATION OF 2017 BONUS

In accordance with the Company's Remuneration Policy, the CEO and CFO had the opportunity to earn a normal bonus in respect of 2017 of 200% and 150% of salary respectively. The 2017 performance was assessed against a mixture of financial and non-financial targets.

The financial targets (representing 70% of bonus opportunity) used a target of Adjusted EBITDA of €347 million 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 page 127.

The non-financial performance targets were selected to underpin key strategic objectives of the Group, in particular recognising the challenges of expanding the business into regulated and soon-to-be regulated markets and strengthening the Group's regulatory functions in light of increased regulation in the UK and elsewhere.

When reviewing the performance during 2017 the Committee noted that the Adjusted EBITDA for the financial year ended 31 December 2017 was €322.1 million. Although this level of Adjusted EBITDA was below the reference point of €347 million, it was above the threshold target and also represented a 7% increase on the prior year. The Committee also took account of currency factors, ongoing provisions and research and development costs as well as the overall achievements of management during a challenging period in some of the markets in which the Company operates. The operational highlights set out in the Strategic Report on page 4 demonstrate that a number of the key strategic objectives set for executives have already been successfully implemented, particularly in regards to securing business in regulated and soon-to-be regulated markets. The Committee also took account of the exceptional work and effort undertaken as part of the continuing integration of Tradetech, the acquisitions of Eyecon Group and ACM Group and the new agreement with OPAP.

The Committee considered that, overall, performance in 2017 was very strong in the context of challenging markets. The Committee felt it was fair and reasonable to recognise this strong Group and individual performance of the Executive Directors.

Accordingly, the Committee determined that the bonus payable for 2017 was €1,746,034 for the CEO (186% of salary earned in 2017) and a bonus of €533,949 for the CFO (139% of salary earned in 2017).

25% of these amounts 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 and that overall remuneration is not excessive given the size and complexity of the Group's business and the industry in which it operates.

LTIP AWARDS (AUDITED)

On 28 June 2017, the following awards were made to Executive Directors under the LTIP:

	Type of award	Total number of awards	Aggregate market value (€)	% of award vesting for threshold performance	Performance period
Mor Weizer	Nil-cost option	207,792	2,252,945	25%	1.1.17 – 31.12.19
Andrew Smith	Nil-cost option	54,545	591,394	25%	1.1.17 – 31.12.19

1 Awards represent 200% of salary for Mor Weizer and 150% of salary for Andrew Smith based on a share price on grant of 962.5 pence.

In the normal course of events these awards will vest on 1 March 2020, subject to the satisfaction of the performance conditions.

Awards granted in 2017 are subject to the achievement of a mixture of performance conditions: 70% of the award is subject to a performance condition that the Company's simple annual EPS growth must match a threshold determined by the Committee for 25% of this portion of the award to vest, increasing to full vesting for achieving a maximum performance level. EPS will be measured over three financial years commencing with the financial year in which the award is granted. The remaining 30% of the award is subject to a performance condition comparing the Company's total shareholder return (TSR) against the FTSE 250 (on a ranked basis). The TSR tranche shall vest 25% for median performance increasing straight line to full vesting for upper quartile performance.

The EPS tranche shall vest over a number of shares determined as follows:

Company's simple annual EPS growth	% of EPS tranche that vests
15% or more per annum	100%
Between 6% and 15% per annum	On a straight line basis between 25% and 100%
6% per annum	25%
Less than 6% per annum	0%

When setting the EPS performance range, the Committee considered both internal financial targets and external market consensus. The target range is considered to be challenging given the current view of the business and wider macroeconomic factors, but is achievable without incentivising any undue risk behaviour.

The LTIP awards granted in December 2015 vested subject to performance measured over the three-year period 1 January 2015 to 31 December 2017. The outcome was as follows:

Measure	Weighting	Performance condition	How fulfilled	% of this award vesting
EPS	70%	Simple growth in EPS between 4% (for 25% vesting) and 10% (for 100% vesting)	21%	100%
Relative TSR ¹	30%	TSR performance between median (for 25% vesting) and upper quartile (for 100% vesting)	Below median	0%

1 Measured against a comparator group of other international gambling companies.

Based on the outcome above, 70% of the total award vested.

ANNUAL REPORT ON REMUNERATION CONT.

DETERMINATION OF 2017 BONUS CONTINUED

TERMINATION PAYMENTS (AUDITED)

No termination payments to Directors were made in 2017.

PAYMENTS TO PAST DIRECTORS (AUDITED)

There were no payments made to past Directors in 2017.

IMPLEMENTATION OF POLICY FOR 2018

SALARY PAY REVIEW

The Remuneration Committee takes into account individual performance and experience, the size and nature of the role, the relative performance of the Company, pay policy within the Company (including the general pay and employment terms of all employees in the Group) and salaries in comparable companies.

Mr Weizer's salary was set at £1,000,000 with effect from 1 June 2017. The Committee recognises that this represents a significant increase over his previous salary of £600,000. However, the Committee is of the view that the increase was fully justified in light of the significant growth of the Company in recent years and Mr Weizer's exceptional leadership during this period. The Committee was also cognisant of the competitive landscape in the gaming industry and Mr Weizer's proven ability to grow the business in a challenging market environment. For a number of years during the Company's growth period, Mr Weizer's salary was unchanged. The Committee feels that his salary should fairly reflect his achievements and leadership of a large UK-listed company in a fast-moving, competitive sector.

Mr Smith was appointed as an Executive Director and Chief Financial Officer on 10 January 2017. His salary was set at £325,000 with effect from appointment. Following the normal annual salary review in June 2017, his salary was increased to £350,000 with effect from 1 June 2017. This increase reflected his growth in the role since his appointment in January and brought his salary closer to the mid-market level when compared against remuneration paid at companies of a similar size to Playtech.

The Executive Directors' salaries will be reviewed, but not necessarily increased, as part of the annual review in 2018, which is expected to commence in June.

The current basic salary levels of the Executive Directors are:

- M. Weizer: £1,000,000 (equivalent to €1,126,474 at 31 December 2017 exchange rate between Sterling and Euro used in the accounts) which was effective from 1 June 2017; and
- A. Smith £350,000 (equivalent to €394,266 at 31 December 2017 exchange rate between Sterling and Euro used in the accounts) which was effective from 10 January 2017.

Fees currently payable to Non-executive Directors are:

- Chairman: £384,000 (equivalent to €432,566 at 31 December 2017 exchange rate between Sterling and Euro used in the accounts); and
- Non-executive Director base fee: £105,000 (equivalent to €118,280 at 31 December 2017 exchange rate between Sterling and Euro used in the accounts). These fees were increased by 2.5% with effect from 1 January 2017 and by 2.5% with effect from 1 June 2018.

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

For 2018, bonuses for the Executive Directors will be based on the following:

	Performance target	Weighting
Adjusted EBITDA	Commercially confidential	70%
Non-financial and strategic objectives	Commercially confidential	30%

When setting the Adjusted EBITDA target, the Committee will be mindful of a number of factors 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 based on the Company's budget for the forthcoming financial year. There will be retrospective disclosure of the target 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 and for a serious reputational event. These provisions will apply for a period of three years after payment.

LONG TERM INCENTIVE PLAN (LTIP)

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 2018 will continue to be subject to a combination of EPS growth (70% of awards) and relative TSR (30% of awards). Threshold performance will result in 25% of each element vesting.

As with the awards granted in 2017, the relative TSR measure will be measured against the FTSE 250 (on a ranked basis) over three financial years and require at least median performance for 25% of this portion of the award to vest, increasing to full vesting for upper quartile performance.

EPS will be measured over three financial years. At the time of preparing this report EPS targets for 2018 have not been determined by the Remuneration Committee. The EPS targets will be stretching and demanding and will be set out in Stock Exchange announcements when made.

LTIP awards granted from 2017 will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation and for a serious reputational event. These provisions will apply for a period of three years post vesting.

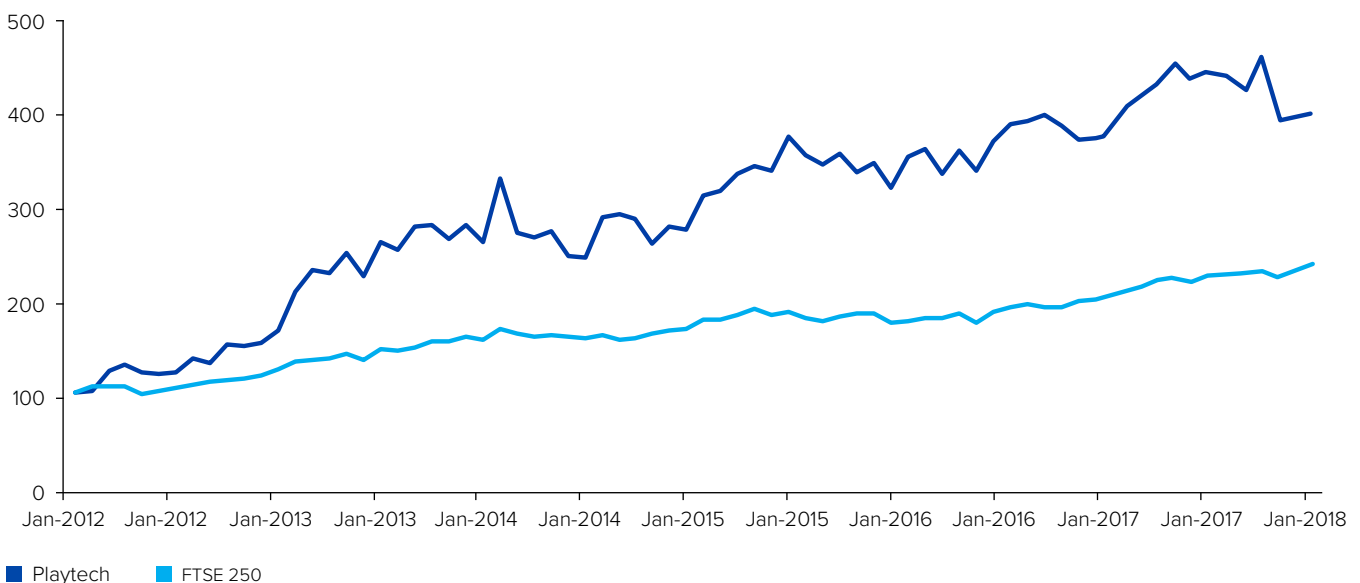
Awards may be satisfied by the issue of new shares, market purchase shares or may be cashed-out, subject to the tax treatment in the hands of the recipient.

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 2017.

REVIEW OF PERFORMANCE

The following graph shows the Company's total shareholder return (TSR) performance over the past five 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 current 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 five years and his achieved annual variable and long-term incentive pay awards as a percentage of the plan maxima.

ANNUAL REPORT ON REMUNERATION CONT.

REVIEW OF PERFORMANCE CONTINUED

	Year ending 31 December					
	2012	2013	2014	2015	2016	2017
Total remuneration (€'000)	800	1,381	1,740	2,449	2,346	4,192
Annual bonus (%) ¹	150%	150%	200%	175%	200%	186%
LTIP vesting (%) ²	–	–	–	–	–	–

1 For the financial year ended 31 December 2012, Mor Weizer waived approximately three-quarters of his earned bonus for that year.

2 As awards previously granted were share options without performance conditions, under the Regulations they are not required to be shown in this table.

PERCENTAGE CHANGE IN REMUNERATION OF CHIEF EXECUTIVE OFFICER

In the financial year ended 31 December 2017, Mr Weizer's salary was increased by 67% effective 1 June 2017 and was awarded an bonus of 186% of salary compared with 200% of salary in the year ended 31 December 2016. On the basis of salary received for the year, the increase was 35%, which also in part reflected movements in exchange rates. The average percentage changes for all UK-based full-time employees were a 5.9% increase and a 41% decrease in salary and benefits respectively mainly due to significant fluctuations in exchange rates in the period, and 44.9% increase 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 as follows:

Pay-outs (€m)	2017 €m	2016 €m	Change %
Dividends ¹	113.2	102.8	10%
Share buy backs	–	49.9	N/A
Total employee remuneration ²	279.6	241.4	16%

1 The total dividend in respect of the year ended 31 December 2017 is calculated on the basis that the shareholders approve the proposed final dividends of 23.9 €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 5,254 during the financial year to 31 December 2017.

DIRECTORS' INTERESTS IN ORDINARY SHARES (AUDITED)

Director	Ordinary shares		Share awards and share options		Total interests at 31 December 2017
	2017	2016	2017	2016	
Executive Directors^{1,2,3}					
Mor Weizer	36,000	36,000	420,908	213,116	456,908
Andrew Smith (appointed 10 January 2017)	2,500	–	77,046	22,501	79,546
Non-executive Directors					
Alan Jackson	15,000	15,000	–	–	15,000
Andrew Thomas	7,500	7,500	–	–	7,500
Paul Hewitt	2,524	2,524	–	–	2,524
John Jackson	–	–	–	–	–
Claire Milne	–	–	–	–	–

1 Mor Weizer and Andrew Smith currently hold shares to the value of 31% and 6% of salary (based on salaries as of 31 December 2017 respectively and based on the closing share price on 31 December 2017). 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.

None of the Non-executive Directors have any options over shares in the Company. The Company has not been notified of any changes to the above between 31 December 2017 and the date of this report.

ROLE AND MEMBERSHIP

The Remuneration Committee is currently comprised entirely of five independent Non-executive Directors as defined in the Code. John Jackson was appointed as Chair on 1 February 2016. The other members are Andrew Thomas, Alan Jackson, Paul Hewitt and Claire Milne.

Details of attendance at the Remuneration Committee are set out on page 72 and their biographies and experience on pages 68 and 69.

The Committee operates within agreed terms of reference detailing its authority and responsibilities. The Committee's terms of reference were reviewed and updated during 2016 and 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; and
- 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 2017, the Committee met in person 9 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. Review of Remuneration Policy.
February	Finalise bonus payments for Executive Directors.
March	Fix bonus targets for 2017 – Executive Directors. Review proposed one-off arrangement for CEO.
May	Review of General Meeting voting results. Review of performance share plan.
June	Approval of grant of Nil cost options for a limited number of Group personnel. Review of salaries for Executive Salaries. Appointment of Remuneration Advisors.
November	Review of Remuneration Policy for Non-executive Directors.

ANNUAL REPORT ON REMUNERATION CONT.

EXTERNAL ADVISERS

Korn Ferry is the Committee's independent adviser. New Bridge Street (a trading name of Aon Hewitt Limited) also provided advice during 2017. Neither Korn Ferry or New Bridge Street provide any other services to the Company. Korn Ferry was paid €8,426 in relation to advice provided during 2017 and New Bridge Street was paid €37,027.

ENGAGEMENT WITH SHAREHOLDERS AND SHAREHOLDER VOTING

The Remuneration Committee is committed to ensuring open dialogue with shareholders in relation to remuneration and would normally consult with major shareholders regarding any significant future changes to the Remuneration Policy. The Committee consulted with major shareholders ahead of presenting the new Policy to a formal shareholder vote in 2017.

The voting outcome at the AGM held on 17 May 2017 in respect of the Directors' Remuneration Report for the year ended 31 December 2016 was as follows:

	For	Against	Withheld
Approval of Remuneration Report	154,617,671 (67.58%)	74,130,890 (32.42%)	706,590

The voting outcome at the General Meeting held on 17 May 2017 in respect of the revised Directors' Remuneration Policy was as follows:

	For	Against	Withheld
Approval of Remuneration Policy	189,349,986 (83.89%)	36,346,573 (16.11%)	706,475

The voting outcome at the General Meeting held on 17 May 2017 in respect of the proposed one-off share award to the CEO was as follows:

	For	Against	Withheld
Approval of One-Off Share Grant	99,596,350 (43.98%)	126,792,955 (56.02%)	13,730

The Committee is grateful for the support of shareholders for the revised Remuneration Policy. The Committee also recognises that a significant minority of shareholders voted against the ARR at the 2017 AGM, and that a majority of shareholders did not support the proposed one-off award to the CEO at the General Meeting. The Committee has reflected on the feedback received on these matters and among other things we determined not to return to shareholders with a revised proposal for a one-off share award for the CEO during 2017.

At 17 May 2017, the issued share capital of the Company was 317,344,603 ordinary shares of no par value.

By order of the Board

John Jackson

Chair of the Remuneration Committee

22 February 2018

DIRECTORS' REPORT

The Directors are pleased to present to shareholders their report and the audited financial statements for the year ended 31 December 2017.

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 67 to 94;
- Information relating to financial instruments, as provided in the Notes to the financial statements; and
- Related party transactions as set out in Note 28 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 101.

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 Financials Division, provides an online trading platform to retail customers as well providing retail brokers with multi-asset execution, prime brokerage services, liquidity and complementary management tools. 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 and Transparency Rules applicable to the Group can be found in the Strategic Report on pages 1 to 66 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 54 to 57 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 2017 and to date are:

	Appointed	Resigned
Alan Jackson	28.03.2006	—
Mor Weizer	02.05.2007	—
Andrew Thomas	19.06.2012	—
Ron Hoffman	31.12.2012	10.01.2017
Andrew Smith	10.01.2017	—
Paul Hewitt	27.08.2015	—
John Jackson	01.01.2016	—
Claire Milne	08.07.2016	—

All of the current Directors will stand for re-election at the forthcoming Annual General Meeting.

Save as set out in Note 28 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 2017, 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 2017, Directors' and Officers' Liability Insurance in respect of itself and its Directors.

DIRECTORS' REPORT CONT.

CORPORATE GOVERNANCE STATEMENT

The Disclosure 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 67 to 94 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 2017 are set out on pages 104 to 156. On 20 February 2018, the Board recommended the payment of a final dividend for the year ended 31 December 2017 of 23.9 €cents per share which will be paid to shareholders on the register as at 5 May 2018. 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 16 May 2018. If approved, the final dividend will be paid on 1 June 2018 and together with the interim dividend of 12.1 €cents per share paid on 24 October 2017 makes a total dividend (expressed in €) of 36 €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 11 May 2018. 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 54 to 57. Critical accounting estimates affecting the carrying values of assets and liabilities of the Group are discussed in Note 3 to the financial statements.

During 2017, 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 for a period of at least 12 months from the date of approval of the financial statements. As part of this assessment, the Directors prepared a three-year forecast considering the going concern status for the period to December 2018 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 next 12 months, 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 13 February 2018, 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
Boussard & Gavaudan Partners Limited	9.08	28,807,991
T Rowe Price International	7.70	24,439,563
Brickington Trading Limited	6.33	20,082,169
Fidelity Mgt & Research	5.37	17,207,607
PAR Investment Partners LP	5.04	16,000,000
Legal & General	3.60	11,427,130

The persons set out in the table above have notified the Company pursuant to Rule 5 of the Disclosure 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 13 February 2018 and the date of this report.

CAPITAL STRUCTURE

As at 31 January 2018, 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.

DIRECTORS' REPORT CONT.

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 28 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 2017, the Group made charitable donations of €406,911 (2016: €433,513), primarily to charities that fund research into and 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 (2016: 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 58 to 66. 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 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 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 67 to 94 and is incorporated into this Directors' Report by reference.

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.	See disclosure against LR 9.8.4(11).

ADDITIONAL INFORMATION PROVIDED PURSUANT TO LR9.8.6

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 92.
9.8.6(2)	Interests in Playtech shares disclosed under DTR5 at the year end and at not more than one month prior to the date of the notice of AGM.	See page 96.
9.8.6(3)	The going concern statement.	See page 96.
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 will 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 70.
9.8.6(6)	Details of non-compliance with the UK Corporate Governance Code.	See the statement on page 70.
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 87.

DIRECTORS' REPORT CONT.

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 22 February 2018 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 103 to page 156. The information that fulfils the requirement for a management report can be found in the Strategic Report on pages 1 to 66. The Statement of Directors' Responsibilities can be found on page 101.
4.1.6	Audited financial statements.	The audited financial statements set out on page 103 to page 156 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 66, 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 54 to 57 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 66 gives details of important events since the year end.
4.1.11(2)	Future development.	The Strategic Report on pages 1 to 66 gives an indication of the likely future development of the Company.
4.1.11(3)	Research & development.	The Strategic Report on pages 1 to 66, 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)(a) above.
4.1.11(5)	Branch offices.	See the statement on page 98.
4.1.11(6)	Use of financial instruments.	See Note 2 to the audited financial statements on pages 115 to 122.
4.1.12 & 13	Responsibility statement.	See the statement of the Directors on page 101.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, the Directors at the date of this report consider that the financial statements taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

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 67 to 94 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; and
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

DIRECTORS' REPORT CONT.

ANNUAL GENERAL MEETING

The Annual General Meeting in 2017 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 2018 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 2018 will be held at the Sefton Hotel, Douglas, Isle of Man, IM1 2RW on Wednesday 16 May 2018 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

22 February 2018

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

OPINION

We have audited the financial statements of Playtech Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise Consolidated Statement of Comprehensive Income; Consolidated and Parent Company Balance Sheets; Consolidated and Parent Company Statements of Changes in Equity; 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 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 the Parent Company's affairs as at 31 December 2017 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; and
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the

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 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 54 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 96 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 96 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;
- the directors' explanation set out on page 96 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.

INDEPENDENT AUDITORS' REPORT CONT.

FOR THE YEAR ENDED 31 DECEMBER 2017

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 (including B2B and B2C) and Financials divisions. There is a potential risk that revenue is recorded incorrectly from a timing perspective and that it is inappropriately recognised on a gross versus net basis.

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 and Industry standard.

We tested 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 (including B2B and B2C) and Financials Divisions.

We 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 as well as a gross v net 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 goodwill and for other intangibles where there are indicators of impairment 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 considered management's assessment as to whether there were any indications of impairment in respect of intangible assets.

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 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.

We selected a sample of projects not yet launched at the balance sheet date and confirmed that there remains a future intent to launch. Further to this we reviewed the results of management's impairment review of these assets on a portfolio basis.

We considered the appropriateness of the related disclosure provided in the Group financial statements.

**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.

Management consider 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, and also considered the internal and external advice taken in respect of these developments. 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. We discussed the assertions of the Group's Compliance and Legal teams with the Group's principal external legal advisors.

As part of the audit team, we have 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 considered the latest externally prepared advice received by management with regard to any exposure to taxation in existing or proposed territories in which the Group operates or intends to operate.

We reviewed disclosures prepared by the Group in respect of contingent liabilities.

Business combinations (with reference to Notes 26 and 27)**Key audit matter**

The Group completed the following principal acquisitions in the year:

- Eyecon
- ACM Group

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

We challenged the assumptions underpinning the significant judgements and estimates used by management in the assessment of the fair values of the assets and liabilities acquired and consideration paid including; underlying cash flow projections, royalty rates, discount rates applied and the long term growth rates.

We used our valuation specialists to review and evaluate the identified intangible assets and consider the judgemental areas and those subject to significant estimation.

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 over the forecast period.

INDEPENDENT AUDITORS' REPORT CONT.

FOR THE YEAR ENDED 31 DECEMBER 2017

CHANGES IN KEY AUDIT MATTERS FROM THE PRIOR YEAR AUDIT

Related Parties Transactions was previously considered a key audit matter. Following the reduction of the shareholding of the then significant shareholder during the course of 2017 this was not considered a key audit matter for the 2017 year end audit.

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 consider 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 adjusted for certain non-recurring items (totalling to a net €96.6m reduction in profit) which principally related to the release of contingent consideration in respect of the Markets acquisition and impairments of goodwill and investments recorded in the year. Using this benchmark, we set materiality at €8.5m (2016: €13.0m) being 5% (2016: 4.4% of Adjusted EBITDA) of Adjusted Profit Before Tax. Our materiality level is reduced from the previous years as a result of the change of the basis of materiality from adjusted EBITDA to Adjusted Profit Before Tax.

Materiality in respect of the audit of the Parent Company has been set at €4.3m (2016: €6.5m) using a benchmark of 2% of total assets, limited to 50% of Group materiality (2016: 2% of total assets, limited to 50% of Group materiality). We consider 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) 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 €2.1m to €4.3m.

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 €340k (2016: €500k). We also agreed to report differences below this threshold 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 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.

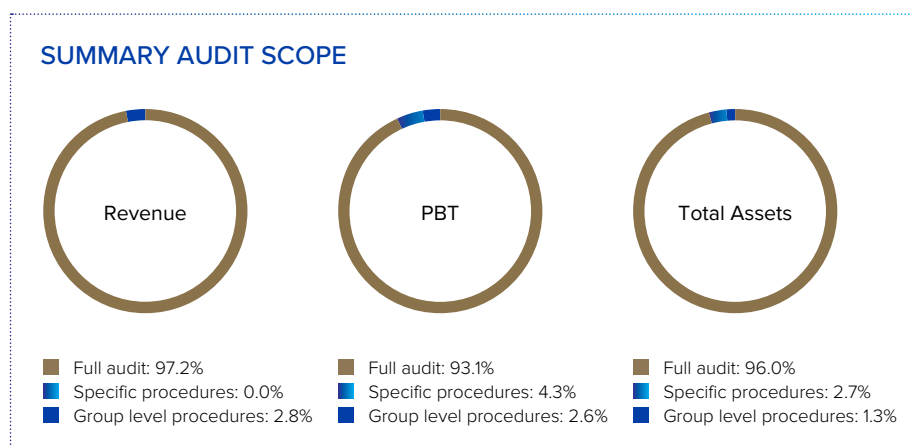
Classification of components

The 3 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) were audited by the Group audit team.

The Group audit team centrally performed the audit of 97% of Group revenue and the audit of 100% of intangible assets including development costs using the materiality levels set out above.

For the 22 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 20 reporting components and by 2 non-BDO member firms on a further 2 reporting components.



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.

INDEPENDENT AUDITORS' REPORT CONT.

FOR THE YEAR ENDED 31 DECEMBER 2017

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 96 – 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 77 – 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 96 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 96, 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 report is made solely to the 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 Company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 WHICH WE ARE REQUIRED TO ADDRESS

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 2017 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 13 years, covering the years ending 31 December 2005 to 31 December 2017.

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.

Matthew White

For and on behalf of BDO LLP

Chartered Accountants
London
United Kingdom
22 February 2018

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 2017

	Note	Actual €'000	2017 Adjusted* €'000	Actual €'000	2016 Adjusted* €'000
Revenue	4	807,120	807,120	708,558	708,558
Distribution costs before depreciation and amortisation		(412,943)	(405,651)	(345,934)	(340,790)
Administrative expenses before depreciation and amortisation		(101,009)	(79,373)	(70,772)	(65,535)
EBITDA		293,168	322,096	291,852	302,233
Depreciation, amortisation and impairment		(121,376)	(62,577)	(107,600)	(50,947)
Finance income	7a	145,307	18,927	13,270	13,270
Finance cost	7b	(34,207)	(23,973)	(61,119)	(50,485)
Share of profit from joint ventures	13a	464	464	146	146
Share of loss from associates	13b	(662)	(662)	(693)	(693)
Impairment of available for sale investments	14	(467)	–	–	–
Profit/(loss) on disposal of investment in associate	13c	(725)	–	64,459	–
Impairment of investment in associate and other non-current assets		(14,887)	–	–	–
Profit before taxation		266,615	254,275	200,315	213,524
Tax expenses	8	(17,505)	(21,856)	(6,303)	(9,652)
Profit for the year		249,110	232,419	194,012	203,872
Other comprehensive income for the year:					
<i>Items that may be classified to profit or loss:</i>					
Change in fair value of available-for-sale equity instruments	14	157,809	157,809	(53,868)	(53,868)
Exchange (losses)/gains arising on translation of foreign operations		(50,766)	(50,766)	14,251	14,251
<i>Total items that may be classified to profit or loss</i>		107,043	107,043	(39,617)	(39,617)
Total comprehensive income for the year		356,153	339,462	154,395	164,255
Profit for the year attributable to:					
Owners of the parent		248,140	231,449	193,030	202,890
Non-controlling interest		970	970	982	982
		249,110	232,419	194,012	203,872
Total comprehensive income attributable to:					
Owners of the parent		356,914	340,223	153,543	163,403
Non-controlling interest		(761)	(761)	852	852
		356,153	339,462	154,395	164,255
Earnings per share for profit attributable to the owners of the parent during the year:					
Basic (cents)	9	78.9	73.6	61.4	64.6
Diluted (cents)	9	74.6	66.8	58.8	58.8

* Adjusted numbers relate to 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 cost, finance costs and contingent consideration movement on acquisitions, impairment of available-for-sale investments, deferred tax on acquisition, non-cash accrued bond interest and additional various non-cash charges. The Directors believe that the adjusted profit measures represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 5.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Additional paid in capital €'000	Available for sale reserve €'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 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
Balance at 1 January 2016	638,209	1,964	592,051	(27,495)	45,392	–	3,266	1,253,387	7,308	1,260,695
Changes in equity for the year										
Total comprehensive income for the year	–	(53,021)	193,030	–	–	–	13,534	153,543	852	154,395
Dividend paid	–	–	(245,734)	–	–	–	–	(245,734)	–	(245,734)
Exercise of options	–	–	(1,937)	2,078	–	–	–	141	–	141
Employee stock option scheme	–	–	6,812	–	–	–	–	6,812	128	6,940
Share buy back	(10,445)	–	(39,384)	–	–	–	–	(49,829)	–	(49,829)
Acquisition of minority interest	–	–	(5,974)	–	–	–	–	(5,974)	(1,320)	(7,294)
Non-controlling interest acquired on business combination	–	–	–	–	–	(34,341)	–	(34,341)	14,746	(19,595)
Balance at 31 December 2016	627,764	(51,057)	498,864	(25,417)	45,392	(34,341)	16,800	1,078,005	21,714	1,099,719

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	2017 €'000	2016 €'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	80,016	72,893
Intangible assets	12	1,051,232	1,014,635
Investments in equity accounted associates & joint ventures	13	37,216	39,026
Available-for-sale investments	14	381,346	230,278
Other non-current assets	15	19,993	26,861
		1,569,803	1,383,693
CURRENT ASSETS			
Trade receivables	16	107,165	73,744
Other receivables	17	93,322	73,966
Cash and cash equivalents	18	583,957	544,843
		784,444	692,553
TOTAL ASSETS		2,354,247	2,076,246
EQUITY			
Additional paid in capital	19	627,764	627,764
Available-for-sale reserve		103,217	(51,057)
Employee Benefit Trust	19	(21,644)	(25,417)
Convertible bonds option reserve	21	45,392	45,392
Put/Call options reserve		(31,293)	(34,341)
Foreign exchange reserve		(28,700)	16,800
Retained earnings		649,537	498,864
Equity attributable to equity holders of the parent		1,344,273	1,078,005
Non-controlling interest		14,179	21,714
TOTAL EQUITY		1,358,452	1,099,719
NON CURRENT LIABILITIES			
Loans and borrowings	20	–	200,000
Convertible bonds	21	276,638	266,230
Deferred revenues		2,457	3,454
Deferred tax liability	24	31,283	40,443
Contingent consideration and redemption liability	22	137,080	204,550
Other non-current liabilities		474	1,627
		447,932	716,304
CURRENT LIABILITIES			
Loans and borrowings	20	200,000	–
Trade payables	23	61,969	28,171
Progressive operators' jackpots and security deposits		62,675	46,759
Client deposits		71,628	76,229
Client funds		37,074	29,863
Tax liabilities		24,713	11,732
Deferred revenues		5,414	4,456
Contingent consideration	22	20,592	4,577
Other payables	25	63,798	58,436
		547,863	260,223
TOTAL EQUITY AND LIABILITIES		2,354,247	2,076,246

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

Mor Weizer
Chief Executive OfficerAndrew Smith
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2017 €'000	2016 €'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after tax		249,110	194,012
Adjustments to reconcile net income to net cash provided by operating activities (see below)		69,418	67,085
Income taxes paid		(11,876)	(9,731)
Net cash provided by operating activities		306,652	251,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans and deposits advanced		(5,064)	(9,162)
Acquisition of property, plant and equipment	11	(34,692)	(26,224)
Return on investment in joint ventures and associates	13a	1,400	1,844
Acquisition of intangible assets	12	(3,060)	(13,019)
Acquisition of subsidiaries		(48,276)	(240,225)
Cash of subsidiaries on acquisition		1,962	100,244
Capitalised development costs	12	(50,683)	(36,176)
Investment in equity-accounted associates	13b,13c	(8,067)	(1,701)
Return on available-for-sale investments	7a	17,078	11,894
Proceeds from sale of property, plant and equipment		64	145
Acquisition of minority interest		(10,827)	(7,329)
Net cash used in investing activities		(140,165)	(219,709)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the holders of the parent		(104,656)	(245,734)
Share buy back	19	–	(49,829)
Interest paid on convertible bonds and bank borrowing		(3,401)	(4,594)
Exercise of options		377	141
Net cash used in financing activities		(107,680)	(300,016)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		58,807	(268,359)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		544,843	857,898
Exchange losses on cash and cash equivalents		(19,693)	(44,696)
CASH AND CASH EQUIVALENTS AT END OF YEAR		583,957	544,843

CONSOLIDATED STATEMENT OF CASH FLOWS CONT.

	2017 €'000	2016 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	26,544	20,092
Amortisation	86,987	75,173
Impairment	7,845	12,335
Disposal of intangible asset	2,838	–
Share of profit from joint ventures	(464)	(146)
Share of loss from associates	662	693
Non-cash transaction	725	(32,272)
Impairment of investment in associates and other non-current assets	14,887	1,586
Changes in fair value of available-for-sale investments	467	–
Non-cash accrued bond interest	10,234	9,802
Income tax expense	17,505	6,303
Employee stock option plan expenses	15,094	6,940
Movement in contingent consideration and redemption liability	(126,379)	832
Return on available-for-sale investments	(17,078)	(11,894)
Exchange losses on cash and cash equivalents	19,693	44,696
Other	721	(191)
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(33,084)	12,258
Increase in other receivables	(13,608)	(43,551)
Increase in trade payables	33,637	4,969
Increase/(decrease) in progressive, operators jackpot, security deposits	15,916	(16,582)
Increase/(decrease) in client funds	6,343	(17,512)
Decrease/(increase) in other payables	62	(5,910)
Decrease in deferred revenues	(129)	(536)
	69,418	67,085

Acquisition of subsidiary

	Note	2017 €'000	2016 €'000
Acquisitions in the year			
A. Acquisition of Eyecon Limited	26a	27,735	–
B. Acquisition of ACM Group	26b	4,233	–
C. Other acquisitions	26c	8,582	–
Acquisitions in previous years			
A. Acquisition of Playtech BGT Sports Limited	27b	2,001	138,490
B. Acquisition of Consolidated Financial Holdings AS	27d	336	38,927
C. Acquisition of Quickspin AB	27a	–	24,461
D. Acquisition of ECM Systems Holdings Ltd	27c	3,077	25,038
E. Acquisition of Yoyo Games Limited		–	1,808
F. Other acquisitions		2,312	11,501
		48,276	240,225

Non-cash transaction

	Note	2017 €'000	2016 €'000
<i>Disposal of investment in associates</i>			
Fair value of Ladbrokes Coral plc shares received	13c	–	44,477
Cost related to the software and services agreement		–	(5,312)
Disposal of investment in associate	13c	(725)	(6,893)
Profit/(loss) on disposal of investment in associate		(725)	32,272

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTE 1 – GENERAL

Playtech plc and its subsidiaries (the “Group”) develop unified software platforms for the online and land-based gambling industry, targeting online and land-based operators. Since May 2015 the Group also offered an online trading platform to retail customers which enabled them to trade CFD (Contracts for Differences) on a variety of instruments which fall under the general categories of Foreign exchange, Commodities, Equities and indices. In the context of this activity, the Group acts as a market-maker in a predominantly B2C environment. Following the acquisition of CFH in November 2016, the Group also provides B2B clients with technology for liquidity and clearing. Playtech’s gaming applications – online casino, poker and other P2P games, bingo, mobile, live gaming, land-based terminal and fixed-odds game 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.

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.

The financial statements have 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”).

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 2017. None of these adoptions has had a material impact on the results or reporting of the Group.

New standards, interpretations and amendments effective from 1 January 2018

There are no new standards, interpretations or amendments which are effective for periods beginning on or before 1 January 2018 which have a material effect on the Group’s financial information, including IFRS 15: Revenue from contracts with customers, and IFRS 9: Financial Instruments, although there may be presentational changes.

IFRS 16 Leases

Adoption of IFRS 16 will result in the Group recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

At 31 December 2017 operating lease commitments amounted to €63.4 million. The effect of discounting those commitments is anticipated to result in right-of-use assets and lease liabilities of €50.0- €60.0 million being recognised on 1 January 2018.

However, further work still needs to be carried out to determine whether and when extension and termination options are likely to be exercised, which will result in the actual liability recognised being higher than this.

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

Instead of recognising an operating expense for its operating lease payments, the Group will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets. This will increase reported EBITDA which will approximate to its current operating lease cost, which for the year ended 31 December 2017 was approximately €13.5 million.

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

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 Group as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial information incorporates the results of business combinations using the acquisition method. In the statement of financial position, 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.

FOREIGN CURRENCY

The financial information of the gaming 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 gaming 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 Group's principal revenue streams and their respective accounting treatments are discussed below:

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.

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.

Fixed-term arrangements

Other income receivable under fixed-term arrangements is recognised as revenue over the term of the agreement on a straight line basis.

DISTRIBUTION COSTS

Distribution costs represent the direct costs of the function of providing services to customers, costs of the development function and advertising costs.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED**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 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; and
- investments in subsidiaries and jointly controlled entities 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.

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; or
- 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.

DIVIDEND DISTRIBUTION

Final dividends are recorded in the Group's financial information in the period in which they are approved by the Group's shareholders. Interim dividends are recognised when paid.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise computers and gaming machines, buildings and leasehold and buildings improvements, office furniture and equipment, and motor vehicles and are stated at cost less accumulated depreciation. 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	10-20, or over the length of the lease
Motor vehicles	15

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.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

BUSINESS COMBINATIONS

The consolidated financial information incorporate the results of business combinations using the purchase method. In the consolidated 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.

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

Intangible assets comprise externally acquired patents, domains and customer lists. Intangible assets also include internally generated capitalised software development costs. All such intangible assets are stated at cost less accumulated amortisation. Where intangible assets are acquired as part of a business combination they are recorded initially at their fair value. 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 to its recoverable amount.

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 license	10-33

Management believes that the useful life of the domain names is indefinite. Domain names are reviewed for impairment annually.

Expenditure incurred on development activities including the Group's software development is capitalised only where the expenditure will lead to new or substantially improved products, the products are technically and commercially feasible and the Group has sufficient resources to complete development.

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 assets current level of performance, is expensed as incurred.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED**GOODWILL**

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2010, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

For business combinations completed prior to 1 January 2010, cost comprised the fair value of assets given, and liabilities assumed, plus any direct costs of acquisition. 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.

For business combinations completed on or after 1 January 2010, cost comprises the fair value of assets given and liabilities assumed, plus the amount of any non-controlling interests in the acquired business. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense in the consolidated statement of comprehensive income, within administrative costs.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Goodwill is not amortised and is reviewed for impairment, annually or more specifically if events or changes in circumstances indicate that the carrying value may be impaired.

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 asset's cash generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash generating units that are expected to benefit from the synergies of the 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 statement of financial position 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.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

JOINT VENTURES

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; or
- 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; and
- 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.

FINANCIAL ASSETS

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity. The Group does not hold any financial assets at fair value through profit and loss.

Loans and receivables

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.

Available-for-sale financial assets

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED**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 operator's 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 customer's 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 available-for-sale investments at fair value – refer to Note 14 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.

SHARE BUY BACK

The Group cannot hold treasury shares under the Group's memorandum and article of association and therefore the shares are cancelled after the buy back.

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.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

LONG TERM LIABILITIES

Long term liabilities are those liabilities that are due for repayment or settlement in more than twelve months from balance sheet date.

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.

LEASES

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 available-for-sale 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; and
- Specific material agreements, adjustments to previous years or currency fluctuations affecting the results in the period and the comparable period.

As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group’s definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. A full reconciliation of adjustments is included in Note 5.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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.

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 of changes in circumstances indicated 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 12.

Amortisation of development costs and other intangible assets and the useful life of property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

Changes to estimates can result in significant variations in the amounts charged to the consolidated statement of comprehensive income in specific periods. More details including carrying values are included in Notes 11 and 12.

Compliance risk – Legal, regulatory and taxation

Legal proceedings and contingent liabilities

Legal proceedings and contingent liabilities Management regularly monitors the key risks affecting the Group, including the regulatory environment in which the Group operates. A provision will be made where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial information. More details are included in Note 32.

Income taxes

The Group is subject to income tax in jurisdictions in which its companies are incorporated and registered and judgment is required in determining the provision for income taxes. 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. 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 a significant asset or people presence. More details are included in Note 8.

Regulatory

The Group's subsidiaries, Safecap Investments Limited, Magansale Trading Limited, CFH Clearing Limited and TradeTech Alpha Limited, are regulated by either the Cyprus Securities and Exchange Commission or the Financial Conduct Authority. The regulatory environment is regularly changing and imposes significant demands of 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.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

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.

Share-based payments

The Group has a share-based remuneration scheme for employees. The fair value of share options is estimated by using the Black-Scholes and Binomial models, on the date of grant based on certain assumptions. Those assumptions are described in Note 10 and include, among others, the dividend growth rate, expected share price volatility, expected life of the options and number of options expected to vest.

Determination of fair value of intangible 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 26 and 27.

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. Further information in relation to the determination of the fair value of contingent consideration is given in Notes 26 and 27.

Provision for loss from onerous contracts

Management considers the requirement for a creation of a provision from a loss-making contract by forecasting the cash flow outcomes in the remain period of the contract. The assessment of the cash flow outcomes includes the probability of future changes in commercial terms and the steps taking to mitigate the issues encountered with the contract.

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
- Financial: including B2C and B2B CFD

The Group-wide profit measures are adjusted EBITDA and adjusted net profit (see Note 5). 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 has 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 segment, as allocation would be arbitrary.

NOTE 4 – SEGMENT INFORMATION CONTINUED

YEAR ENDED 31 DECEMBER 2017

	Casino €'000	Services €'000	Sport €'000	Bingo €'000	Poker €'000	Other €'000	Total Gaming B2B €'000	Gaming B2C €'000	Total Gaming €'000	Total Financial €'000	Consolidated €'000
Total revenue	411,327	94,259	85,733	24,758	9,426	26,401	651,904	70,286	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							1,891,328	27,420	1,918,748	435,499	2,354,247
Total liabilities							645,266	59,142	704,408	291,387	995,795

YEAR ENDED 31 DECEMBER 2016

	Casino €'000	Services €'000	Sport €'000	Bingo €'000	Poker €'000	Other €'000	Total Gaming B2B €'000	Gaming B2C €'000	Total Gaming €'000	Total Financial €'000	Consolidated €'000
Total revenue	371,660	115,950	55,916	17,958	8,956	17,802	588,242	54,724	642,966	65,592	708,558
Adjusted EBITDA							292,631	(5,768)	286,863	15,370	302,233
Adjusted net profit							193,370	(6,299)	187,071	15,819	202,890
Total assets							1,854,739	26,603	1,881,342	194,904	2,076,246
Total liabilities							764,953	32,634	797,588	178,939	976,527

As disclosed in the 2016 Annual Report and as further disclosed above, the 2016 revenues by product have been restated to combine 'land based' into the other headings and also splits between the B2B element, which includes both software and services revenues and the B2C element, which includes white-label gaming operations in regulated markets.

In 2017, there were two licensees (2016: 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 licensees totalled €280.6 million (2016: €255.4 million).

GEOGRAPHICAL ANALYSIS OF REVENUES BY JURISDICTION OF LICENSE

Analysis by geographical regions is made according to the jurisdiction of the licensee. This does not reflect the region of the end users of the Group's licensees whose locations are worldwide.

	2017 €'000	2016* €'000
Philippines	283,211	257,024
UK	238,144	196,829
Rest of World	110,274	93,656
Malta	30,492	25,773
Gibraltar	27,421	25,499
Italy	23,406	22,723
Spain	19,311	14,733
Mexico	17,264	8,578
Seychelles	10,383	4,063
Greece	10,052	10,344
Finland	8,052	6,182
Denmark	6,996	2,373
Norway	6,508	6,132
Germany	6,302	3,562
Ireland	6,166	2,196
Antigua	3,138	28,891
	807,120	708,558

* 2016 comparative numbers were adjusted to include the financials division revenue

NOTES TO THE FINANCIAL STATEMENTS CONT.

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:

	2017 €'000	2016 €'000
Isle of Man	805,288	208,603
Austria	147,877	162,097
Luxembourg	117,366	51,352
UK	107,435	108,915
Cyprus	74,477	61,690
Sweden	76,452	76,670
British Virgin Islands	63,609	560,529
Denmark	43,004	51,583
Alderney	35,878	6,091
Gibraltar	25,295	32,322
Malta	20,537	1,668
Latvia	17,254	13,947
Netherlands	–	19,159
Rest of World	35,331	29,067
	1,569,803	1,383,693

The Group's information about its non-current assets by location of the assets are detailed below:

	2017 €'000	2016 €'000
Isle of Man	535,590	27,664
UK	505,258	349,190
Austria	147,877	162,097
Cyprus	69,260	51,605
Sweden	76,452	76,670
British Virgin Islands	53,294	552,766
Alderney	35,878	6,091
Malta	31,231	12,601
Denmark	30,233	37,261
Gibraltar	25,295	32,322
Latvia	17,254	13,947
Netherland	–	15,959
Rest of World	42,181	45,520
	1,569,803	1,383,693

NOTE 5 – ADJUSTED ITEMS

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

	2017 €'000	2016 €'000
Revenue	807,120	708,558
Constant currency impact	30,217	–
Revenue on constant currency basis	837,337	708,558
Revenue related to acquisitions on a constant currency basis	(138,100)	(42,808)
Underlying revenue	699,237	665,750
Distribution costs before depreciation and amortisation	412,943	345,934
Employee stock option expenses	(7,292)	(5,144)
Adjusted distribution costs before depreciation and amortisation	405,651	340,790
Administrative expenses before depreciation and amortisation	101,009	70,772
Employee stock option expenses	(7,802)	(1,796)
Professional fees on acquisitions	(2,387)	(3,441)
One off employee related costs	(5,001)	–
Additional consideration payable for Put/Call options	(5,345)	–
Cost of business reorganisation	(1,101)	–
Total adjusted items	(21,636)	(5,237)
Adjusted administrative expenses before depreciation and amortisation	79,373	65,535
Depreciation – distribution costs	19,129	17,887
Depreciation – administrative costs	7,415	2,205
Amortisation – distribution costs	86,987	75,173
Impairment	7,845	12,335
Total depreciation and amortisation	121,376	107,600
Amortisation of intangibles on acquisitions – distribution costs	(50,954)	(44,318)
Impairment	(7,845)	(12,335)
Adjusted depreciation and amortisation	62,577	50,947
EBITDA	293,168	291,852
Employee stock option expenses	15,094	6,940
Professional expenses on acquisitions	2,387	3,441
One off employee related costs	5,001	–
Additional consideration payable for Put/Call options	5,345	–
Cost of business reorganisation	1,101	–
Adjusted EBITDA	322,096	302,233
Constant currency impact	14,110	–
Adjusted EBITDA on constant currency basis	336,206	302,233
EBITDA related to acquisitions on constant currency basis	(46,296)	(12,887)
Underlying adjusted EBITDA	289,910	289,346
Profit for the year – attributable to owners of parent	248,140	193,030
Amortisation of intangibles on acquisitions	50,954	44,318
Impairments related to acquisitions	7,845	12,335
Profit/(loss) on disposal of investment in associate	725	(64,459)
Impairment of investment in associate and other non-current assets	14,887	–
Employee stock option expenses	15,094	6,940
Professional expenses on acquisitions	2,387	3,441
Additional consideration payable for Put/Call options	5,345	–
Cost of business reorganisation	1,101	–
Non-cash accrued bond interest	10,234	9,802
Decline in fair value of available-for-sale investments	467	–
One off employee related costs	5,241	–
Deferred tax on acquisition	(4,592)	(3,353)
Movement in deferred and contingent consideration	(126,379)	832
Adjusted profit for the year – attributable to owners of the parent	231,449	202,886
Constant currency impact	35,701	44,696
Adjusted profit for the year – attributable to owners of the parent on constant currency basis	267,150	247,582
Adjusted net profit related to acquisitions on constant currency basis	(26,920)	(10,075)
Underlying adjusted profit for the year – attributable to owners of the parent	240,230	237,507

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 6 – EBITDA

EBITDA is stated after charging:

	2017 €'000	2016 €'000
Directors compensation		
Short-term benefits of Directors	2,532	2,231
Share-based benefits of Directors	1,436	297
Bonuses to executive Directors	2,280	2,071
	6,248	4,599
Auditor's remuneration		
Group audit and Parent Company (BDO)	509	362
Audit of subsidiaries (BDO)	508	599
Audit of subsidiaries (non-BDO)	209	207
Total audit fees	1,226	1,168
Non-audit services provided by Parent Company auditor and its international member firms		
Corporate finance services related to acquisitions	271	320
Other non-audit services	116	133
Tax advisory services	96	418
Total non-audit fees	483	871
Development costs (net of capitalised development costs of €50.7 million (2016: €35.5 million))	85,191	88,036

NOTE 7 – FINANCING INCOME AND COSTS

	2017 €'000	2016 €'000
A. Finance income		
Interest received	1,850	1,376
Return on available-for-sale investments	17,078	11,894
Finance income – movement in contingent consideration	126,379	–
	145,307	13,270
B. Finance cost		
Finance cost – movement in contingent consideration	–	(832)
Exchange differences	(19,693)	(44,696)
Notional interest expenses on convertible bonds	(10,234)	(9,802)
Nominal interest expenses on convertible bonds	(1,485)	(1,485)
Bank charges and interest paid	(2,795)	(4,304)
	(34,207)	(61,119)
Net financing income/(cost)	111,100	(47,849)

NOTE 8 – TAXATION

	2017 €'000	2016 €'000
Current income tax		
Income tax on profits of subsidiary operations	21,856	9,652
Deferred tax (Note 24)	(4,592)	(3,349)
Tax for prior years	241	–
Total tax charge	17,505	6,303

The tax charge for the year can be reconciled to accounting profit as follows:

	2017 €'000	2016 €'000
Profit before taxation	266,615	200,315
Tax at effective rate in Isle of Man	–	–
Higher rates of current income tax in overseas jurisdictions	17,505	6,303

The key Group companies are incorporated, managed and controlled and tax resident in the Isle of Man and the majority of the profits arise in these companies for which the headline corporate tax rate is set to zero. The Group's subsidiaries are located in different jurisdictions and these subsidiaries are taxed locally on their respective profits.

The deferred tax movement arises due to the reversal of temporary differences arising on the identification of the intangible assets acquired in the current and prior years.

NOTE 9 – EARNINGS PER SHARE

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being profit after tax is as follows:

	2017 Actual €'000	2017 Adjusted €'000	2016 Actual €'000	2016 Adjusted €'000
Profit for the year attributable to owners of the parent	248,140	231,449	193,030	202,890
Add interest on convertible bond	11,719	1,485	11,287	1,485
Earnings used in diluted EPS	259,859	232,934	204,317	204,375
Basic (cents)	78.9	73.6	61.4	64.6
Diluted (cents)	74.6	66.8	58.8	58.8

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 9 – EARNINGS PER SHARE CONTINUED

	2017 Actual Number	2017 Adjusted Number	2016 Actual Number	2016 Adjusted Number
Denominator – basic				
Weighted average number of equity shares	314,504,413	314,504,413	314,130,671	314,130,671
Denominator – diluted				
Weighted average number of equity shares	314,504,413	314,504,413	314,130,671	314,130,671
Weighted average number of option shares	418,290	418,290	2,326,838	2,326,838
Weighted average number of convertible bonds	33,543,403	33,543,403	31,059,798	31,059,798
Weighted average number of shares	348,466,106	348,466,106	347,517,307	347,517,307

As at 31 December 2017, none (2016: none) of the outstanding share options were included in the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (i.e. they are out of the money) and therefore it would not be advantageous for the holders to exercise those options. The total number of options in issue is disclosed in Note 10.

NOTE 10 – EMPLOYEE BENEFITS

Total staff costs comprise the following:

	2017 €'000	2016 €'000
Salaries and personnel-related costs	264,555	234,410
Employee stock option costs	15,094	6,940
	279,649	241,350
Average number of personnel:		
Distribution	4,586	4,782
General and administration	458	472
	5,044	5,254

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 eighteen to thirty six months after grant date.

The overall term of the ESOP is five to ten years. These options are settled in equity once exercised. Option prices are either denominated in USD or GBP, depending on the option grant terms.

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 1,615,579 and 1,500,529 nil cost awards in 2017 and 2016 respectively at fair value per share of between £9.625 and £10.06 in 2017 and between £7.955 and £7.895 in 2016.

NOTE 10 – EMPLOYEE BENEFITS CONTINUED

At 31 December 2017, options under these schemes were outstanding over:

	2017 Number	2016 Number
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of £3.96 per share	–	3,750
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of £3.86 per share	–	5,000
Shares vested between 25 April 2009 and 25 April 2012 at an exercise price of £4.35 per share	–	10,000
Shares vested between 28 November 2009 and 28 November 2012 at an exercise price of £3.20 per share	19,735	29,952
Shares vested on 22 May 2012 at an exercise price of £4.155 per share	–	20,000
Shares vested between 18 April 2012 and 18 April 2013 at an exercise price of £5.12 per share	18,000	23,200
Shares vested between 26 August 2012 and 26 August 2013 at an exercise price of £4.16 per share	30,500	35,811
Shares vested on 10 March 2014 at an exercise price of £3.5225 per share	26,500	49,000
Shares will vest between 17 June 2016 and 17 June 2017 at nil cost	–	28,713
Shares vested on 21 December 2016 at nil cost	–	64,935
Shares will vest on 1 March 2018 at nil cost	146,919	146,919
Shares will vest between 1 September 2016 and 1 March 2018 at nil cost	276,825	383,071
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	429,817	677,338
Shares will vest on 21 December 2019 at nil cost	110,183	111,720
Shares will vest between 1 October 2017 and 1 April 2019 at nil cost	324,494	–
Shares will vest on 1 March 2020 at nil cost	1,228,877	–
	2,858,578	1,836,137

Total number of shares exercisable as of 31 December 2017 is 278,982 (2016: 376,213).

The following table illustrates the number and weighted average exercise prices of shares options for the ESOP.

	2017 Number of options	2016 Number of options	2017 Weighted average exercise price	2016 Weighted average exercise price
Outstanding at the beginning of the year	1,836,137	607,300	£0.38	\$6.99, £1.52
Granted	1,615,579	1,500,529	Nil	Nil
Forfeited	(113,339)	(13,215)	Nil	Nil
Exercised	(479,799)	(258,477)	£0.67	\$6.99, £0.87
Outstanding at the end of the year	2,858,578	1,836,137	£0.13	£0.38

Included in the number options exercised during the year is 29,689 options (2016: 14,061) where a cash alternative was received.

The weighted average share price at the date of exercise of options was £8.601 (2016: £8.718).

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 10 – EMPLOYEE BENEFITS CONTINUED

Share options outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price	2017 Number	2016 Number
Between 15 May 2017 and 31 December 2017	Between \$7.19 and \$7.79 and between £3.39 and £3.96	–	8,750
Between 25 April 2018 and 31 December 2018	\$4.35 and between £3.17 and £5.31	19,735	39,952
Between 22 May 2019 and 6 November 2019	Between £3.70 and £4.16	–	20,000
Between 18 April 2020 and 26 August 2020	Between £4.16 and £5.12	48,500	59,011
Between 10 March 2021 and 16 December 2021	Between £2.30 and £3.52	26,500	49,000
17 December 2024	Nil	–	93,648
21 December 2025	Nil	423,744	529,990
Between 21 December 2026 and 31 December 2026	Nil	786,728	1,035,786
Between 1 March 2027 and 28 June 2027	Nil	1,553,371	–
		2,858,578	1,836,137

MARKETS ESOP

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 eighteen to thirty six 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 either denominated in USD, depending on the option grant terms.

Total number of share options exercisable as of 31 December 2017 is 100,416 (2015: 10,126; 2016: 55,734).

	2017 Number	2016 Number
Shares vested between 1 June 2011 and 31 December 2017 at an exercise price of \$4 per share	750	3,800
Shares vested between 1 November 2013 and 31 December 2017 at an exercise price of \$12 per share	4,475	4,338
Shares vested between 1 December 2016 and 31 December 2017 at an exercise price of \$70 per share	95,191	47,596
	100,416	55,734
Shares vesting on 1 January 2017 at an exercise price of \$12 per share	–	612
Shares vesting between 1 January 2017 and 31 August 2020 at an exercise price of \$70 per share	53,495	103,715
Shares will vest between June 2020 November 2020 at nil cost	7,898	–
	61,393	104,327
	161,809	160,061

NOTE 10 – EMPLOYEE BENEFITS CONTINUED

The following table illustrates the number and weighted average exercise prices of shares options for the ESOP:

	2017 Number of options	2016 Number of options	2017 Weighted average exercise price	2016 Weighted average exercise price
Outstanding at the beginning of the year	160,061	168,899	\$60.7	\$60.7
Granted through the year	7,898	11,000	\$70	\$70
Forfeited	(5,600)	(12,410)	\$36.75	\$36.75
Exercised	(550)	(7,428)	\$9.17	\$9.17
Outstanding at the end of the year	161,809	160,061	\$66.64	\$66.64

Included in the number of options exercised during the year is 550 (2016: 1,049) where a cash alternative was received. The weighted average share price at the date of exercise of options was \$5.82.

Share options outstanding at the end of the year have the following exercise prices:

	2017 Number	2016 Number
Share options to be expired between 1 June 2020 and 1 August 2022 at an exercise price of \$4 per share	750	3,800
Share options to be expired between 1 September 2022 and 1 November 2023 at an exercise price of \$12 per share	4,475	4,950
Share options to be expired between 1 December 2024 and 10 March 2025 at an exercise price of \$70 per share	148,686	151,311
Share options to be expired between June 2027 and November 2027 at Nil cost	7,898	–
	161,809	160,061

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 11 – 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 2016	67,191	–	8,973	26,598	102,762
Additions	14,754	3,062	2,844	5,564	26,224
Acquired through business combinations	2,229	12,163	1,049	44	15,485
Disposals	(243)	(3)	(218)	(169)	(633)
Foreign exchange Movements	51	2	24	1	78
At 31 December 2016	83,982	15,224	12,672	32,038	143,916
Accumulated depreciation					
At 1 January 2016	43,411	–	3,467	4,547	51,425
Charge	12,630	2,789	2,058	2,615	20,092
Disposals	(203)	(3)	(124)	(199)	(529)
Foreign exchange Movements	26	1	8	–	35
At 31 December 2016	55,864	2,787	5,409	6,963	71,023
Net book value					
At 31 December 2016	28,118	12,437	7,263	25,075	72,893
At 31 December 2015	23,780	–	5,506	22,051	51,337

	Computers €'000	Gaming machines €'000	Office furniture and equipment €'000	Buildings 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

NOTE 12 – INTANGIBLE ASSETS

	Patents, domain names & license €'000	Technology IP €'000	Development costs €'000	Customer list & affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2016	62,891	43,182	122,510	309,151	469,213	1,006,947
Additions	1,305	11,714	35,649	–	–	48,668
Disposals	–	–	–	–	(5,312)	(5,312)
Assets acquired on business combinations	13,536	38,560	–	79,261	158,992	290,349
Impairment of intangible assets	–	–	–	–	(12,335)	(12,335)
Foreign exchange Movements	1,391	527	574	3,344	9,699	15,535
As of 31 December 2016	79,123	93,983	158,733	391,756	620,257	1,343,852
Accumulated amortisation						
As of 1 January 2016	14,381	17,054	64,625	160,015	–	256,075
Provision	5,901	8,872	22,818	34,273	–	71,864
Foreign exchange Movements	157	167	214	740	–	1,278
As of 31 December 2016	20,439	26,093	87,657	195,028	–	329,217
Net book value						
As of 31 December 2016	58,684	67,890	71,076	196,728	620,257	1,014,635
As of 31 December 2015	48,510	26,128	57,885	149,136	469,213	750,872

	Patents, domain names & license €'000	Technology IP €'000	Development costs €'000	Customer list & 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

In 2016 amortisation included €3.3 million in relation to the release of the buyout of reseller agreement.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 12 – 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 thirteen (2016: eleven) cash generating units (CGU). Following the restructure of the Sports division, the previous CGU's of Mobenga, Geneity, BGT and other acquisitions were combined to form the Sports CGU. Also, Quickspin and other gaming studios were combined with the Casino product in accordance with IAS 36. Management determines which of those CGU's are significant in relation to the total carrying value of goodwill as follows:

- Carrying value exceeds 10% of total goodwill; or
- Acquisition during the year; or
- 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, €221.5 million (2016: \$265.3 million, €252.3 million);
- Services, with a carrying value of €95.2 million (2016: €100.0 million);
- Sport, with a carrying value of €132.5 million (2016: €126.1 million, BGT €88.3 million);
- Casino product, with a carrying value of €81.8 million (2016: current presentation €67.1 million, previous presentation €34.0 million, Quickspin €26.8 million, Other acquisitions €6.3 million); and
- Tradetech Alpha, with a carrying value of €63.5 million (2016: €0.9 million).

The recoverable amounts of all the CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering one year period to 31 December 2018 in addition to 2-3 years forecasts. Beyond this period, management has applied an annual growth rate of between 2% and 5% based on the underlying economic environment in which the CGU operates. Management has applied discount rates to the cash flow projections between 10.53% and 24.53% (2016: between 11.9% and 13.9%).

In 2017 the results of the review indicated that there was an impairment of goodwill of the 1 CGU in a total amount of €7.8 million (2016: €12.3 million) which has been charged to the income statement.

The Directors' sensitivity analysis does not result in an impairment charge of any other CGU and, given the level of headroom in value in use they show, the Directors do not envisage reasonably possible changes to the key assumptions would be sufficient to cause an impairment at this time.

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 2017.

NOTE 13 – INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES & JOINT VENTURES

	2017 €'000	2016 €'000
Investment in joint ventures comprise:		
A. Investment in joint ventures	1,255	2,091
Investment in equity accounted associates:		
B. Investment in associates	17,400	11,612
C. Investment in structured agreements	18,561	25,323
	37,216	39,026

A. INVESTMENT IN JOINT VENTURES

Investment in International Terminal Leasing

On 8 March 2011, the Group entered into an agreement with Scientific Games to form a partnership called International Terminal Leasing (ITL), which relates to the strategic partnership with Scientific Games Corporation.

The Group's future profit share from this joint venture varies depending on the commercial arrangements in which ITL and its partners enter into with third parties. However, the Group's share of profit is expected to be between 20%-50%.

The Group received a return on investments of €1.4 million during the year (2016: €1.4 million).

NOTE 13 – INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES & JOINT VENTURES CONTINUED**A. INVESTMENT IN JOINT VENTURES CONTINUED****Other individually immaterial investments in joint venture**

During the year the Group paid €0.1 million consideration to other joint venture.

Movements in the carrying value of the investment during the year are as follows:

	€'000
Investment in joint venture at 1 January 2017	2,091
Share of profit in joint venture	464
Investment in joint venture in the year	100
Return of investment	(1,400)
Investment in joint venture at 31 December 2017	1,255

B. INVESTMENT IN ASSOCIATES**Investment in BGO**

In August 2014, the Group acquired 33.33% of the shares of BGO Limited for a total consideration of £10 million (€12.5 million). In 2015 the Group invested 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 Groups NBV of investment in BGO totals €7.9 million (2016 €7.0).

Aggregated amounts relating to BGO Limited are as follows:

	2017 €'000	2016 €'000
Total non-current assets	124	77
Total current assets	9,581	5,958
Total non-current liabilities	(3,417)	(3,521)
Total current liabilities	(5,568)	(4,475)
Revenues	39,401	40,609
Profit/(loss)	3,128	(3,484)

Other individually immaterial investments

During the year the Group paid €7.3 million consideration to non-controlling investments (2016: €0.2 million additional consideration to non-controlling investments acquired in previous years). At the reporting date the Groups NBV of the other investments totals €9.5 million (2016: €4.6 million).

Total associates:

	€'000
Investment in associates at 1 January 2017	11,612
Share of loss	(662)
Investment in associates in the year	7,269
Subsidiary acquired in steps	(819)
Investment in associates at 31 December 2017	17,400

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 13 – INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES & JOINT VENTURES CONTINUED

C. INVESTMENT IN STRUCTURED AGREEMENTS

During the year the Group invested additional €0.7 million in an existing agreement (2016: The Group entered into two agreements with a Nil initial cost and additional €1.4 million invested in existing agreements). These structured agreements are individually immaterial. During the year the Group impaired €7.5 million of structured agreements (2016: €1.6 million).

Movement in structured agreements:

	€'000
Investment in structured agreements at 1 January 2017	25,323
Additional investment in structured agreements in the year	698
Impairment of investment in structured agreements	(7,460)
Investment in structured agreements at 31 December 2017	18,561

Ladbrokes software and services agreement

In 2013, the Group entered into a landmark transaction with Ladbrokes plc ("Ladbrokes"), which includes three significant agreements covering software licensing, marketing and advisory services.

As part of the advisory services agreement, the Group through its marketing division will have significant influence over the financial and operational decision making of the Ladbrokes digital business. The Group will receive a share of profit based on the EBITDA performance of the Ladbrokes digital business in the financial year ended 31 December 2017 over and above that achieved in the financial year ended 31 December 2012, as adjusted (the "Base EBITDA").

On 27 July 2015, the Group agreed to an early settlement of its marketing services subject to the completion of the merger between Ladbrokes and Coral.

On 1 November 2016, the merger was completed. The Group received €44.5 million (£40 million) satisfied by way of the issue of shares in Ladbrokes Coral plc. A further £35 million in cash is to be received upon delivery of key operational milestones by the Group but, in any event, within 42 months following completion of the merger.

Upon completion the Group disposed of the investments relating to the Ladbrokes software and services agreements. Profit on disposal was calculated as follows:

	2016 €'000
Profit on disposal of investment of associate	
Ladbrokes Coral plc shares fair value as at 1 November 2016	44,477
Present value of cash receivable (using a 5.0% discount rate)	38,100
Cost related to the software and services agreement	(9,639)
Disposal of investment in associate	(6,893)
Profit on disposal of investment of associate	66,045
Impairment of investment in associate (Note 13b)	(1,586)
Net profit on disposal of investment of associate	64,459

NOTE 14 – AVAILABLE-FOR-SALE INVESTMENTS

	2017 €'000	2016 €'000
Investment in available-for-sale investments at 1 January	230,278	237,100
Investment in the year (Note 13c)	–	44,477
Decline in fair value of available-for-sale investment recognised in income statement	(467)	–
Unrealised valuation movement recognised in equity	157,809	(53,868)
Foreign exchange Movements	(6,274)	2,569
Investment in available-for-sale investments at 31 December	381,346	230,278

Available-for-sale financial assets include the following:

	2017 €'000	2016 €'000
Quoted:		
Equity securities – UK	378,210	225,280
Equity securities – Asia	3,136	4,998
	381,346	230,278

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

The maximum exposure of the available for sale financial assets to credit risk at the reporting date is the carrying value of the financial assets classified as available-for-sale.

NOTE 15 – OTHER NON-CURRENT ASSETS

	2017 €'000	2016 €'000
Loans to customers	–	7,293
Loan to affiliate	2,208	4,382
Rent and car lease deposits	3,779	3,758
Guarantee for gaming licenses	2,000	2,000
Related parties (Note 28)	–	5,050
Deferred tax	2,775	2,025
Non-current prepayments	600	740
Other	8,631	1,613
	19,993	26,861

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 16 – TRADE RECEIVABLES

	2017 €'000	2016 €'000
Customers	102,253	71,506
Related parties (Note 28)	4,912	2,238
	107,165	73,744

NOTE 17 – OTHER RECEIVABLES

	2017 €'000	2016 €'000
Prepaid expenses	18,857	17,054
VAT and other taxes	11,326	9,675
Advances to suppliers	158	2,141
Proceeds from disposal of investment (Note 13c)	39,426	39,865
Related parties (Note 28)	190	228
Loans to associates (Note 28)	6,334	–
Other receivables	17,031	5,003
	93,322	73,966

NOTE 18 – CASH AND CASH EQUIVALENTS

	2017 €'000	2016 €'000
Cash at bank	558,527	409,158
Cash at brokers	17,771	–
Deposits	7,659	135,685
	583,957	544,843

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 CFD and client deposits in respect of liquidity and clearing activity.

	2017 €'000	2016 €'000
Funds attributed to jackpots	46,870	31,587
Security deposits	15,805	15,172
Client deposits	71,628	76,229
Client funds	37,074	29,863
	171,377	152,851

NOTE 19 – SHAREHOLDERS' EQUITY**A. SHARE CAPITAL**

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

	2017 Number of Shares	2016 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 article of association to issue up to 1,000,000,000 shares of no par value.

In 2016 the Group cancelled 5,280,000 shares as part of share buy back for a total consideration of €49,829,000.

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 450,110 shares (2016: 244,416) were issued as a settlement for employee share option exercises with a cost of €3.8 million (2016: €2.1 million), and as of 31 December 2017, a balance of 2,585,563 (2016: 3,035,673) shares remains in the trust with a cost of €21.6 million (2016: €25.4 million).

C. SHARE OPTIONS EXERCISED

During the year 479,799 (2016: 258,477) share options were exercised. The Group cash-settled 29,689 share options during the year (2016: 14,061).

D. DISTRIBUTION OF DIVIDEND

In June 2017, the Group distributed €68,404,085 as a final dividend for the year ended 31 December 2016 (21.7 € cents per share).

In October 2017, the Group distributed €36,251,442 as an interim dividend in respect of the period ended 30 June 2017 (12.1 € cents per share).

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)
Available-for-sale reserve	Changes in fair value of available-for-sale investments (Note 14)
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

NOTE 20 – LOANS AND BORROWINGS

The loan balance as of 31 December 2017 is €200 million (2016: €200 million). The loan is a revolving credit facility available until June 2018. Interest payable on the loan is based on a margin on Euro Libor rates.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 21 – CONVERTIBLE BONDS

On 12 November 2014 the Group issued €297.0 million of senior, unsecured convertible bonds due 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.

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 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 at 31 December 2017 was €342.4 million (2016: €341.3 million), based on readily available quoted prices.

The amortised cost of the liability component of the Bonds (including accrued interest) at 31 December 2017 amounted to €276.6 million (2016: €266.2 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 2017 was €45.4 million (2016: €45.4 million).

NOTE 22 – CONTINGENT CONSIDERATION AND REDEMPTION LIABILITIES

	2017 €'000	2016 €'000
Non-current contingent consideration consists:		
Acquisition of Tradetech Markets Limited	–	139,133
Acquisition of ACM Group (Note 26b)	66,791	–
Acquisition of Quickspin AB (Note 27a)	14,670	24,143
Acquisition of Eyecon Limited (Note 26a)	1,315	–
Acquisition of Playtech BGT Sports Limited (Note 27b)	–	4,792
Other acquisitions (Note 26c)	4,518	1,645
	87,294	169,713
Non-current redemption liability consists:		
Acquisition of Consolidated Financial Holdings A/S (Note 27d)	22,398	17,102
Acquisition of Playtech BGT Sports Limited (Note 27b)	25,934	16,593
Acquisition of ECM Systems Holdings Limited (Note 27c)	1,190	1,142
Other acquisitions	264	–
	49,786	34,837
Total non-current contingent consideration and redemption liability	137,080	204,550
Current contingent consideration consists:		
Acquisition of ACM Group (Note 26b)	4,601	–
Acquisition of Quickspin AB (Note 27a)	9,440	–
Acquisition of Playtech BGT Sports Limited (Note 27b)	4,958	–
Acquisition of ECM Systems Holdings Limited (Note 27c)	–	3,061
Acquisition of Consolidated Financial Holdings A/S (Note 27d)	–	336
Other acquisitions	1,593	1,180
	20,592	4,577

NOTE 22 – CONTINGENT CONSIDERATION AND REDEMPTION LIABILITIES CONTINUED

On 8 May 2015, the Group acquired 95.05% of the shares of Tradetech Markets Limited (previously named TradeFX), 91.1% on fully diluted basis. The Group paid total cash consideration of €208 million and additional cash consideration, capped at €250 million, was to be payable based on 2017 EBITDA multiple, less initial consideration. Following the completion of the 2017 results, which were negatively impacted by one-sided crypto currency trading in the final quarter of 2017, compounded by a lack of volatility in other asset classes for the majority of the second half of 2017, the Directors calculate that there is no further consideration payable and so the contingent consideration liability was released to the income statement.

NOTE 23 – TRADE PAYABLES

	2017 €'000	2016 €'000
Suppliers	30,554	23,235
Fair value of open B2B financial trading positions	25,739	–
Customer liabilities	5,091	3,932
Related parties (Note 28)	–	573
Other	585	431
	61,969	28,171

NOTE 24 – 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:

	2017 €'000	2016 €'000
At the beginning of the year	40,443	14,049
Arising on the acquisitions during the year (Note 26)	781	29,743
Reversal of temporary differences, recognised in the consolidated statement of comprehensive income (Note 8)	(4,592)	(3,349)
Reversal of deferred tax upon sale of intangible asset recognised in the consolidated statement of comprehensive income	(3,824)	–
Foreign exchange movements	(1,525)	–
	31,283	40,443

NOTE 25 – OTHER PAYABLES

	2017 €'000	2016 €'000
Payroll and related expenses	41,322	37,626
Accrued expenses	17,923	16,328
Related parties (Note 28)	402	1,309
Other payables	4,151	3,173
	63,798	58,436

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 26 – ACQUISITIONS DURING THE YEAR

A. ACQUISITION OF EYECON LIMITED AND EYECON PTY

On 7 February 2017, the Group acquired 100% of the shares of Eyecon Limited and Eyecon PTY (together “Eyecon”), an Australian specialist 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.

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	77
Intangible assets	12,990
Trade and other receivables	1,361
Cash and cash equivalent	575
Trade payables	(2,834)
Net identified assets	12,169
Goodwill	16,859
Fair value of consideration	29,028
	€'000
Cash consideration	27,735
Non-current contingent consideration	1,486
Finance cost arising on discounting of contingent consideration	(193)
Fair value of consideration	29,028
Cash purchased	(575)
Net cash payable	28,453

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	9,279	16.7-33
Customer relationships	2,436	10
Brand	1,275	10

The main factor leading to the recognition of goodwill is the revenue stream from new games and new licensees, assembled work force with vast experience and strong records and cost synergies. In accordance with IAS36, the Group will regularly monitors the carrying value of its interest in Eyecon.

NOTE 26 – ACQUISITIONS DURING THE YEAR CONTINUED**A. ACQUISITION OF EYECON LIMITED AND EYECON PTY CONTINUED**

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

- The MPEEM income approach.
- The discount rate assumed is equivalent to the WACC for the Customer relationships.
- The growth rates and attrition rates were based on market analysis.

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

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

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

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

Management has not disclosed Eyecon 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 2017 been disclosed, because the amounts are not material.

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 Financials Division's B2B offering and to deliver a bespoke risk management and trading solution to B2B customers.

The Group paid total cash 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 term.

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	12,602
Goodwill	62,573
Fair value of consideration	75,175
	€'000
Cash consideration	4,233
Non-current contingent consideration	69,621
Current contingent consideration	4,984
Finance cost arising on discounting of contingent consideration	(3,663)
Fair value of consideration	75,175

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 26 – ACQUISITIONS DURING THE YEAR CONTINUED

B. ACQUISITION OF ACM GROUP ASSETS CONTINUED

The fair value of the assets acquired:

	Amount €'000	Amortisation %
Customer relationships	12,602	7

The main factor leading to the recognition of goodwill is ACM's well-known brand and market in the CFD industry with strong customer relationship, key personnel and future revenue and cost synergies. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in ACM Group assets.

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

- The MPEEM income approach.
- The discount rate assumed is equivalent to the WACC for the Customer relationships.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed ACM contribution to the Group profit since the acquisition, because the amounts are not material. The combined Group revenue as if ACM acquisition had occurred on 1 January 2017 would have been higher by €9.2 million, the combined Group adjusted EBITDA and adjusted net profit would have been higher by €2.1 million.

C. OTHER ACQUISITIONS

During the 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 and previous consideration of €0.8 million paid to acquire the previously recognized 35% interest in associate. A fair value movement was required on conversion to a subsidiary of €0.1 million.

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	3,812
Trade and other receivables	897
Loans acquired	(8,629)
Cash and cash equivalent	1,386
Trade and other liabilities	(1,912)
Deferred tax liability	(781)
Net identified assets	(5,227)
Non-controlling interest	(117)
Goodwill	19,741
Total fair value of consideration	14,397

	€'000
Cash consideration	8,582
Deferred consideration	144
Non-current contingent consideration	4,749
Current contingent consideration	557
Finance cost arising on discounting of contingent consideration	(454)
Conversion of previously recognised associate	819
Fair value of consideration	14,397
Cash purchased	(1,386)
Net cash payable	13,011

NOTE 26 – ACQUISITIONS DURING THE YEAR CONTINUED**C. OTHER ACQUISITIONS CONTINUED**

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	2,345	12.5-50
Customer relationships	353	12.5

The main factor leading to the recognition of goodwill is the frontend framework and its software integration, unique workforce and future revenue and cost synergies. In accordance with IAS 36, the Group will regularly monitor the carrying value of its interest in these acquisitions.

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

- The income approach, in particular, the MPEEM method and the with and without models.
- The discount rate assumed is equivalent to the WACC for the IP Technology and the Customer relationship.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed other acquisitions contribution to the Group profit since these acquisitions nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2017 been disclosed, because the amounts are not material.

NOTE 27 – ACQUISITIONS IN PRIOR YEAR**A. ACQUISITION OF QUICKSPIN AB**

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

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

B. ACQUISITION OF PLAYTECH BGT SPORTS LIMITED (PREVIOUSLY NAMED PATELLE LIMITED)

On 13 July 2016, the Group acquired 100% of the shares of Patelle Limited. Patelle owns 90% of Best Gaming Technology GmbH (BGT). BGT is an Austrian leading provider of sports betting software and solutions for gaming and sports betting operators. The remaining 10% of the shares are held by the founder and CEO of BGT.

The Group paid total cash consideration of €138.5 million.

The Group has a call option to purchase the remaining 10% of BGT at a valuation of 6 times 2019 EBITDA capped at €55.0 million. The founder and CEO of BGT has certain put options over his 10% holding at the same valuation.

In December 2017 the Group announced the internal re-organisation of the Playtech BGT Sports division (PBS). As part of the re-organisation the basis for the consideration payable on the put/call was revised, which will result in Dr. Segeder will be rewarded for the incremental growth of the non-BGT business in addition to the BGT standalone business. The maximum amount payable pursuant to the revised arrangements was increased to €95.0 million.

The increase in the liability fair value as a result of the revised put/call option terms was recognised as employment cost in the income statement and non-current liability. The fair value of the put/call option liability as of 31 December 2017 was €25.9 million.

The founder and CEO of BGT may also be entitled to an additional payment of €5.0 million subject to the achievement of certain operational milestones. Total payments in the current year are €2.0 million.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 27 – ACQUISITIONS IN PRIOR YEAR CONTINUED

C. ACQUISITION OF ECM SYSTEMS HOLDINGS LTD

On 20 October 2016, the Group acquired 90% of the shares of ECM Systems Holdings Limited (ECM). ECM is a bingo software and hardware solutions provider to the UK retail bingo market. The remaining 10% of the shares are held by the founder and CEO of ECM.

The Group paid total cash consideration of €25.0 million (£22.4 million). The Company paid €3.1 million (£2.7 million) as additional working capital adjustment in the beginning of 2017.

The Group has a call option to purchase the remaining 10% of ECM at a valuation of 6 times 2019 EBITDA capped at £1.1 million (€1.2 million). The CEO of ECM have certain put options over his 10% holding at the same valuation. The fair value of this option was recognised as non current liability and reflected in the Groups' statement of changes in equity. The fair value as of 31 December 2017 was €1.1 million. The Group paid to an escrow account the fair value of the option.

D. ACQUISITION OF CONSOLIDATED FINANCIAL HOLDINGS A/S

On 30 November 2016, the Group acquired 70% of the shares of Consolidated Financial Holdings A/S (CFH). CFH is a technology company with products including a Straight Through Processing brokerage which provides retail brokers with multi-asset execution, prime brokerage services, liquidity and complementary risk management tools. The remaining 30% of the shares are held by the founder and CEO of ECM.

The Group paid total cash consideration of €38.6 million (\$41.0 million). The Company paid €0.3 million (\$0.3 million) as additional working capital adjustment in the beginning of 2017.

The Group has a call option to purchase the remaining 30% of CFH at a valuation of 6 times 2018 EBITDA capped at a total consideration of \$76.6 million less the initial consideration. The founder and CEO of CFH have certain put options over his 30% holding at the same valuation. The fair value of this option was recognised as a non-current liability and reflected in the Groups' statement of changes in equity. In 2017 the Group acquired 5.83% of minority shares for a total consideration of €3.07 million. Accordingly, the proportional part of the redemption liability and the put/call option capital reserve of a total €3.3 million was removed. The fair value as of 31 December 2017 of the put/call option to purchase/sale the remaining 24.17% shares was €22.4 million.

E. OTHER ACQUISITIONS

During the period, the Group acquired the shares of various companies for a total consideration of €13.1 million. One of these subsidiaries was acquired in steps, with previous consideration of €2.4 million paid to acquire the previously recognised associate.

NOTE 28 – RELATED PARTIES AND SHAREHOLDERS

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

On 27 June 2017, Brickington Trading Limited ("Brickington") decreased its holding to 6.3% (31 December 2016: 21.93%) 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, Easydock Investments Ltd. (Easydock), Selfmade Holdings, Glispa GmbH ("Glispa"), Anise Development Limited and Anise Residential Limited (together "Anise").

The transaction amounts with the above mentioned companies reflects the period ended 27 June 2017, when they ceased to be related parties.

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

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

NOTE 28 – RELATED PARTIES AND SHAREHOLDERS CONTINUED

The following transactions arose with related parties:

	2017 €'000	2016 €'000
Revenue including revenue from associates		
Skywind	720	1,683
Structured agreements and associates	21,294	12,904
Share of profit in joint venture	464	146
Share of loss in associates	(662)	(693)
Operating expenses		
SafeCharge Limited	3,612	6,150
Crossrider	1,314	2,615
Structured agreements	9	1,309
Anise	518	1,037
Skywind, net of capitalised cost	334	82
Glispa GmbH	165	28
Selfmade Holdings	–	11
Royalfield Limited	–	4
Easydock	–	1
Interest income		
Structured agreements	85	–
The following are year-end balances:		
Intangible assets		
Skywind	–	4,128
Cash and cash equivalent		
Safecharge Limited	–	2,968
Structured agreements and associates	–	5,050
Total non-current related party receivables	–	5,050
Structured agreements and associates	11,246	1,971
Skywind	–	267
Crossrider	–	228
Associates and joint ventures	190	–
Total current related party receivables	11,436	2,466
SafeCharge Limited	–	200
Structured agreements	402	1,682
Total related party payables	402	1,882

The details of key management compensation (being the remuneration of the Directors) are set out in Note 6.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 29 – 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 license.
Intelligent Gaming Systems Limited	UK	100%	Casino management systems to land based businesses.
VF 2011 Limited	Alderney	100%	Holds license 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 Entertanimiento 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 & hosting services to online gaming operators.
Tech Hosting Limited	Alderney	100%	Alderney Hosting services.
Paragon International Customer Care Limited	British Virgin Island & 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.

PLAYTECH PLC ANNUAL REPORT AND ACCOUNTS 2017
FINANCIAL STATEMENTS

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
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 & cashier to online gaming operators.
PT Processing EU Advisory Limited	Cyprus	100%	Advisory services for processing & 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.
Ash Gaming Limited	UK	100%	Develops interactive gambling and betting games.
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 license 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 VLT's.
V.B. Video (Italia) S.r.l.	Italy	100%	Trading company for the Aristocrat Lotteries VLT's.
PT Entertainment Services LTD	Antigua	100%	Holding gaming license 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	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	90%	Owns sports betting intellectual property solutions and primary trading company for sports betting.
ECM Systems Holdings Ltd	UK	90%	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.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 30 – 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, available-for-sale financial assets, 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.

During the year the Group advanced loans to affiliates and associates for a total amount of €8.5 million (2016: €5.5 million). The average interest on the loans is 5%.

A 1% change in deposit interest rates would impact on the profit before tax by €85 thousands.

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. Trade and other receivables are carried on the balance sheet net of bad debt provisions estimated by the Directors based on prior year experience and an evaluation of prevailing economic circumstances.

NOTE 30 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED**B. CREDIT RISK CONTINUED**

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 3% of its funds (2016: 4%) in financial institutions below A- rate and 8% in payment methods with no rating (2016:2%).

	Total €'000	Financial institutions with A- and above rating €'000	Financial institutions below A- rating and no rating €'000
At 31 December 2017	583,957	520,147	63,810
At 31 December 2016	544,843	476,904	67,939

The Group 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.

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 2017	107,165	82,517	16,075	8,573
At 31 December 2016	73,744	55,928	5,325	12,491

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:

	2017 €'000	2016 €'000
Provision at the beginning of the year	1,132	86
Charged to income statement	565	795
Provision acquired through business combination	–	404
Utilised	(267)	(153)
Provision at end of year	1,430	1,132

Related party receivables included in Note 16 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.

The Group's policy is not to enter into any currency hedging transactions.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 30 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

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 have or will have an impact on the balance sheet and the income statement.

The Directors believe that the exposure to market price risk is acceptable in the Group's circumstances.

The Group's balance sheet at 31 December 2017 includes available-for-sale investments with a value of €381.3 million (2016: €230.3 million) which are subject to fluctuations in the underlying share price.

A change of 1% in price will have an impact of €3.8 million on the consolidated statement of comprehensive income and the fair value of the available for sale investments will change by the same amount.

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.

F. LIQUIDITY RISK

Liquidity risk arises from the Group's management of working capital and the financial charges on its debt instruments.

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.

	2017 €'000	2016 €'000
Client deposits	43,741	46,760
Open positions	(6,667)	(16,897)
Client funds	37,074	29,863

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 2017 was €71.6 million (2016: €76.2 million).

NOTE 30 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED**F. LIQUIDITY RISK CONTINUED****Financial division liquidity risk continued**

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
2017				
Trade payables	61,969	61,969	–	–
Other accounts payable	63,798	63,798	–	–
Loans and borrowings	200,000	200,000	–	–
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 non-current liabilities	474	–	–	474
2016				
Trade payables	28,171	28,171	–	–
Other accounts payable	58,436	58,436	–	–
Loans and borrowings	200,000	–	200,000	–
Progressive and other operators' jackpots	46,759	46,759	–	–
Client deposits	76,229	76,229	–	–
Client funds	29,863	29,863	–	–
Contingent consideration	209,127	4,577	204,550	–
Other non-current liabilities	1,627	–	–	1,627

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:

	2017 €'000 Fair value	2017 €'000 Carrying amount	2016 €'000 Fair value	2016 €'000 Carrying amount
Cash and cash equivalent	583,957	583,957	544,843	544,843
Available-for-sale investments	381,346	381,346	230,278	230,278
Other assets	198,848	198,848	174,571	174,571
Deferred and contingent consideration and redemption liability	157,672	157,672	209,127	209,127
Convertible bonds	342,000	276,638	341,300	266,230
Loans and borrowings	200,000	200,000	200,000	200,000
Other liabilities	164,369	164,369	148,319	148,319

Available-for-sale investments are measured at fair value using level 1. Refer to Note 14 for further detail. These are the Group's only financial assets and liabilities which are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 31 – CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The Group has adopted the amendments to IAS 7 for the first time in the current year. 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 Group's liabilities arising from financing activities consist of loans and borrowings (Note 20), convertible bonds (Note 21) and contingent consideration and redemption liability (Note 22). Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure below, the application of these amendments has had no impact on the Group's consolidated financial statements.

A reconciliation between the opening and closing balances of these items is as follows:

	At 1 January 2017 €'000	Non-cash items			At 31 December 2017 €'000
		Financing cash flows €'000	Acquisition of subsidiary (Note 26) €'000	Fair value adjustments in income statement €'000	
Loans and borrowings (Note 20)	200,000	–	–	–	200,000
Convertible bonds (Note 21)	266,230	1,485	–	8,923	276,638
Contingent consideration (Note 22)	174,290	2,312	77,674	(146,390)	107,886
Redemption liability (Note 22)	34,837	(3,300)	–	18,249	49,786
Total liabilities	675,357	497	77,674	(119,218)	634,310

NOTE 32 – CONTINGENT LIABILITIES

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

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

NOTE 33 – 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 2 to 5 years and many have break clauses. Total operating lease cost before capitalization in the year was €17.9 million (2016: €14.7 million).

The total future value of minimum lease payments is due as follows:

	2017 €'000	2016 €'000
Not later than one year	15,564	15,257
Later than one year and not later than five years	38,606	38,470
Later than five years	9,185	1,249
	63,355	54,976

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Additional paid in capital €'000	Available for sale reserve €'000	Convertible bond reserve €'000	Retained earnings €'000	Total equity attributable to holders of parent €'000
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)
Share buy-back	–	–	–	–	–
Employee stock option scheme	–	–	–	12,300	12,300
Balance at 31 December 2017	627,764	49,463	45,392	(976)	721,643
Balance at 1 January 2016	638,209	(7,714)	45,392	158,225	834,112
Changes in equity for the year					
Total comprehensive income for the year	–	(30,690)	–	262,990	232,300
Dividend paid	–	–	–	(245,734)	(245,734)
Exercise of options	–	–	–	(1,937)	(1,937)
Share buy-back	(10,445)	–	–	(39,384)	(49,829)
Employee stock option scheme	–	–	–	4,478	4,478
Balance at 31 December 2016	627,764	(38,404)	45,392	138,638	773,390

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	2017 €'000	2016 €'000
NON-CURRENT ASSETS			
Property, plant and equipment		176	167
Intangible assets		169	169
Investments	1	227,335	215,948
Available for sale investments	2	261,795	173,928
Other non-current assets		295	1,737
		489,770	391,949
CURRENT ASSETS			
Trade and other receivables	3	762,181	732,436
Cash and cash equivalents	4	133,922	158,478
		896,103	890,914
TOTAL ASSETS		1,385,873	1,282,863
EQUITY			
Additional paid in capital		627,764	627,764
Available for sale reserve		49,463	(38,404)
Convertible bond reserve		45,392	45,392
Retained earnings		(976)	138,638
Equity attributable to equity holders of the parent	5	721,643	773,390
NON-CURRENT LIABILITIES			
Long-term loan	6	–	200,000
Convertible bond	7	276,464	266,230
		276,464	466,230
CURRENT LIABILITIES			
Short-term loan	6	200,000	–
Trade payables and other payables	8	187,766	43,243
		387,766	43,243
TOTAL EQUITY AND LIABILITIES		1,385,873	1,282,863

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

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

COMPANY STATEMENT OF CASH FLOWS

	2017 €'000	2016 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	(43,961)	262,990
Adjustments to reconcile net income to net cash provided by operating activities (see below)	140,477	(299,465)
Net cash used in operating activities	96,516	(36,475)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(91)	(125)
Investment in available for sale investments	–	–
Net cash used in investing activities	(91)	(125)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the holders of the parent	(104,656)	(245,734)
Share buy-back	–	(49,829)
Issue of share capital	–	–
Proceeds from borrowing	–	–
Exercise of options	(3,297)	(1,937)
Net cash used in financing activities	(107,953)	(297,500)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(11,528)	(334,100)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	158,478	541,321
Exchange (losses)/gains on cash and cash equivalents	(13,028)	(48,743)
CASH AND CASH EQUIVALENTS AT END OF YEAR	133,922	158,478

	2017 €'000	2016 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	82	67
Amortisation	–	8
Employee stock option plan expenses	913	270
Disposal of investment in associate	–	(44,477)
Exchange loss/(gains) on cash and cash equivalents	13,028	48,743
Changes in operating assets and liabilities:		
(Increase) / Decrease in trade and other receivables	(28,303)	(210,799)
Interest accrued	10,234	9,802
Increase in trade and other payables	144,523	(103,079)
	140,477	(299,465)

Non-cash transaction

	2017 €'000	2016 €'000
Disposal of investment in associate		
Fair value of Ladbrokes Coral plc shares received	–	44,477
Net profit on disposal of investment in associate	–	44,477

Company's registered address is St George's Court, Upper Church Street, Douglas, Isle of Man, IM1 1EE.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTE 1 – INVESTMENTS

	2017 €'000	2016 €'000
Investment in subsidiary undertaking – Cost	227,335	215,948

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	British Virgin Islands	100%	Main trading company of the 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.
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business.
PT Turnkey Services Limited	British Virgin Islands	100%	Holding company of the Turnkey Services Company.
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 Markets Company.

NOTE 2 – AVAILABLE FOR SALE INVESTMENTS

Available for sale investments comprise:

	2017 €'000	2016 €'000
Investment in available-for-sale investments at 1 January	173,928	160,141
Additions	–	44,477
Unrealised valuation movement recognised in equity	87,867	(30,690)
Investment in available-for-sale investments at 31 December	261,795	173,928

All of the available-for-sale assets are equity securities quoted in the UK.

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

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as available-for-sale.

NOTE 3 – TRADE AND OTHER RECEIVABLES

	2017 €'000	2016 €'000
Other receivables	2,345	1,238
Proceeds from disposal of investment	39,426	39,865
Amounts due from subsidiary undertakings	720,410	691,333
	762,181	732,436

NOTE 4 – CASH AND CASH EQUIVALENTS

	2017 €'000	2016 €'000
Cash at bank	111,909	67,094
Deposits	22,013	91,384
	133,922	158,478

NOTE 5 – SHAREHOLDERS' EQUITY**A. SHARE CAPITAL**

	2017 Number of shares	2016 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.

** In 2016 the Company has cancelled 5,280,000 shares as part of share buy back for a total consideration of €49,829,000.

B. SHARE OPTION EXERCISED

During the year 479,799 (2016: 258,477) share options were exercised. The Company cash-settled 29,689 share options during the year (2016: 14,061).

C. DISTRIBUTION OF DIVIDEND

In June 2017, the Company distributed €68,404,085 as a final dividend for the year ended 31 December 2016 (21.7 €cents per share).

In October 2017, the Company distributed €36,251,442 as an interim dividend in respect of the period ended 30 June 2017 (12.1 €cents per share).

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONT.

FINANCIAL STATEMENTS CONT.

NOTE 5 – SHAREHOLDERS' EQUITY CONTINUED

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)
Available-for-sale reserve	Changes in fair value of available-for-sale investments
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

NOTE 6 – LOANS AND BORROWINGS

The loan balance as of 31 December 2017 is €200 million (2016: €200 million). The loan is a revolving credit facility available until June 2018. Interest payable on the loan is based on a margin on Euro Libor rates.

NOTE 7 – CONVERTIBLE BONDS

On 12 November 2014 the Company issued €297.0 million of senior, unsecured convertible bonds due 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.

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 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, which is immateriality different to the amortised cost, of the Bonds (including accrued interest) at 31 December 2017 amounted to €276.6 million (2016: €266.2 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 2017 was €45.4 million (2016: €45.4 million).

NOTE 8 – TRADE AND OTHER PAYABLES

	2017 €'000	2016 €'000
Suppliers and accrued expenses	3,080	3,181
Payroll and related expenses	19,224	14,980
Amounts owed to Company undertakings	165,462	25,082
	187,766	43,243

NOTE 9 – CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The Company has adopted the amendments to IAS 7 for the first time in the current year. 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 6) and convertible bonds (Note 7). Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior year. Apart from the additional disclosure below, the application of these amendments has had no impact on the Company's consolidated financial statements.

A reconciliation between the opening and closing balances of these items is as follows:

	At 1 January 2017 €'000	Non-cash items		At 31 December 2017 €'000
		Financing cash flows €'000	Fair value adjustments in income statement €'000	
Loans and borrowings (Note 6)	200,000	–	–	200,000
Convertible bonds (Note 7)	266,230	1,485	8,923	276,638
Total liabilities	466,230	1,485	8,923	476,638

FIVE-YEAR SUMMARY

FINANCIAL STATEMENTS CONT.

	2017 €'000	2016 €'000	2015 €'000	2014 €'000	2013 €'000	2012 €'000
Income statement						
Total revenues	807.1	708.6	630.1	457	367.2	317.5
Associate income	–	–	–	–	18.1	50.6
Gross income	807.1	708.6	630.1	457	385.3	368.1
Adjusted EBITDA	322.1	302.2	251.9	207.1	159.4	186.7
Adjusted net profit	231.4	202.9	205.9	190.8	148.3	168.3
Balance sheet						
Non-current assets	1,569.8	1,383.69	1,111.9	494.2	470.8	589.2
Current assets	784.4	692.5	960.3	759.8	595.2	195.2
Current liabilities	547.9	260.22	195.3	105	117.6	181.9
Non-current liabilities	447.9	716.3	616.2	275.7	27.4	88.4
Net assets	1,358.5	1099.72	1,260.7	873.2	921	514.2
Equity						
Additional paid in capital	627.8	627.76	638.2	324.8	323.2	310.5
Available-for-sale reserve	103.2	(51.06)	2	0.8	1.6	17.2
Employee benefit trust	(21.6)	(25.42)	(27.5)	(36.2)	–	–
Convertible bonds option reserve	45.4	45.39	45.4	45.4	–	–
Put/Call options reserve	(31.3)	(34.34)	–	–	–	–
Foreign exchange reserve	(28.7)	16.8	3.3	–	–	–
Retained earnings	649.5	498.81	592.1	537.7	596.3	186.4
Non-controlling interest	14.2	21.71	7.3	0.7	–	–
Statistics						
Basic adjusted EPS (in euro cents)	73.6	64.6	67.5	65.9	50.7	58.1
Diluted adjusted EPS (in euro cents)	66.8	58.8	61.8	65.6	50.2	57.1
Ordinary dividend per share (in euro cents)	36.0	32.7	28.5	26.4	23.2	23.2
Share price low/high	768p/1006.0p	710.5p/946.5p	636p/924p	579p/836.5p	422.5p/761.5p	262.25p/435p

NOTES

FINANCIAL STATEMENTS CONT.

NOTES CONT.

FINANCIAL STATEMENTS CONT.

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