UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2019

Commission File Number: 001-37403

THE STARS GROUP INC.
(Translation of registrant's name into English)

200 Bay Street
South Tower, Suite 3205
Toronto, Ontario, Canada
M5J 2J3
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☐ Form 40-F x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

On August 12, 2019, The Stars Group Inc. (the “Company”) reported its financial results for the three and six months ended June 30, 2019 and issued a news release regarding the same and other matters (the “Release”). On the same date, the Company filed on SEDAR at www.sedar.com its (i) Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2019 (the “Q2 Financial Statements”), (ii) Management’s Discussion and Analysis for the three and six months ended June 30, 2019 (the “Q2 MD&A”), (iii) Chief Executive Officer Certification of Interim Filings, dated August 12, 2019 (the “CEO Certification”), and (iv) Chief Financial Officer Certification of Interim Filings, dated August 12, 2019 (the “CFO Certification”).

Copies of the Release, Q2 Financial Statements, Q2 MD&A, CEO Certification and CFO Certification are each attached hereto as Exhibits 99.1, 99.2, 99.3, 99.4 and 99.5, respectively, and are incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

The Stars Group Inc.

Date: August 12, 2019

By:	/s/ Brian Kyle
Name:	Brian Kyle
Title:	Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	News Release, dated August 12, 2019
99.2	Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2019
99.3	Management's Discussion and Analysis for the three and six months ended June 30, 2019
99.4	Chief Executive Officer Certification of Interim Filings, dated August 12, 2019
99.5	Chief Financial Officer Certification of Interim Filings, dated August 12, 2019

The Stars Group Reports Second Quarter 2019 Results; Updates 2019 Full Year Guidance; Appoints New Independent Director

TORONTO, August 12, 2019 – The Stars Group Inc. (NASDAQ: TSG)(TSX: TSGI) today reported its financial results for the second quarter ended June 30, 2019, provided updated 2019 full year guidance ranges, announced the appointment of an additional independent director to its Board of Directors, and provided certain additional highlights and updates. Unless otherwise noted, all dollar ($) amounts are in U.S. dollars.

"The second quarter underpinned the success of last year's acquisitions, particularly with the record performance of Sky Betting & Gaming and our increasing product and geographic diversification, as we continue to transform and position the business to execute on our strategy for strong, sustainable future growth," said Rafi Ashkenazi, The Stars Group's Chief Executive Officer.

"2019 has been and remains a year of integration, execution and debt reduction," said Mr. Ashkenazi. "We are committed to those key strategic priorities for the rest of the year while we also build our foundation and momentum to become a market leader in the U.S. We are confident that the actions we have taken over the last year, and are pursuing now, including to reassess our fixed cost base, put us in a strong position to deliver our mid-term growth targets from the end of 2019," concluded Mr. Ashkenazi.

Second Quarter 2019 Summary

Consolidated

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands of U.S. Dollars (except percentages and per share amounts)	2019	2018	% Change	2019	2018	% Change
Total revenue	637,618	411,512	54.9 %	1,218,002	804,403	51.4 %
Gross profit (excluding depreciation and amortization)	463,708	327,875	41.4 %	881,456	640,502	37.6 %
Operating income	93,955	1,064	8,730.4 %	155,492	114,931	35.3 %
Net earnings (loss)	4,629	(154,824)	103.0 %	32,287	(80,463)	140.1 %
Adjusted Net Earnings [1]	137,469	131,023	4.9 %	243,069	269,785	(9.9)%
Adjusted EBITDA [1]	236,734	168,271	40.7 %	432,089	343,293	25.9 %
Adjusted EBITDA Margin [1]	37.1%	40.9%	(9.3)%	35.5%	42.7%	(16.9)%
Diluted earnings (loss) per Common Share ($/Share)	0.02	(1.01)	101.7 %	0.12	(0.52)	122.6 %
Adjusted Diluted Net Earnings per Share ($/Share) [1]	0.48	0.60	(19.4)%	0.87	1.27	(31.6)%
Net cash inflows from operating activities	173,208	164,011	5.6 %	283,593	296,080	(4.2)%
Free Cash Flow [1]	84,820	84,856	— %	47,307	167,115	(71.7)%

As at	June 30, 2019	December 31, 2018	% Change
Long-term debt - principal	5,195,398	5,666,075	(8.3)%
Long-term debt - carrying value	5,088,915	5,446,958	(6.6)%
Cash - operational	339,239	392,853	(13.6)%

[1] Non-IFRS measure. For important information on The Stars Group's non-IFRS measures, see below under "Non-IFRS Measures" and the tables under "Reconciliation of Non-IFRS Measures to Nearest IFRS Measures".

- **Revenue** – Revenue for the quarter increased primarily as a result of the contribution from Sky Betting & Gaming, which The Stars Group acquired in July 2018. During the quarter, online sports betting was The Stars Group's largest product vertical (36% versus 20% in 2018), followed by online casino (31% versus 25% in 2018) and online poker (30% versus 53% in 2018), while 79% of consolidated revenues were derived from locally regulated or taxed markets (61% in 2018). Additional segment specific factors impacting revenue are described below.

- **Debt and Cash –** During the quarter, The Stars Group prepaid $250 million outstanding on its USD first lien term loan, and ended the quarter with approximately $339.2 million in operational cash and $5.1 billion of debt on its balance sheet, resulting in Net Debt of $4.7 billion.

- **FOX Bet** – In May, The Stars Group and FOX Sports announced plans to launch FOX Bet, the first-of-its kind national media and sports wagering partnership in the United States. In addition to a commercial agreement of up to 25 years and associated product launches, including real-money and free-to-play games, FOX also acquired 4.99% of The Stars Group's then-issued and outstanding common shares for aggregate proceeds of $236.0 million. FOX Bet currently remains on track to launch in applicable states prior to the start of the NFL season.

- **U.S. Market Access Update** – In July, The Stars Group announced agreements with Penn National Gaming and the Akwesasne Mohawk Casino Resort in New York, providing market access for online betting and gaming in up to ten states and extending The Stars Group's aggregate market access to up to 20 states, subject to license availability, state law and regulatory approvals.

- **Appointment of Independent Director** – The Board appointed John Schappert, effective August 12, 2019, as a new independent director and member of the Board's Compensation and Technology Committees. Mr. Schappert, 49, has served as the Chairman and Chief Executive Officer of Shiver Entertainment, a private company that develops video game software for consoles (PlayStation 4, Xbox One, Nintendo Switch), PC, and mobile phones and tablets, since 2012. Mr. Schappert also currently serves as the Chairman of Motorsport Games, a private company that develops and publishes video games, and Pipeworks Studios, a private company that develops video games and software, since 2019 and 2018, respectively. Prior to this, Mr. Schappert served as the Chief Operating Officer for Zynga Inc. (Nasdaq: ZNGA) from 2011 to 2012 and served on its board of directors during that time. Mr. Schappert also previously served as the Chief Operating Officer for Electronic Arts Inc. (Nasdaq: EA) from 2009 to 2011, and was Corporate Vice President of Microsoft Corporation's (Nasdaq: MSFT) Interactive Entertainment Business unit from 2007 to 2009. From 1998 until 2007, Mr. Schappert held several positions for various divisions of EA, including Vice President and General Manager of Electronic Arts Tiburon from 1998 until 2002, Senior Vice President and Group General Manager of Electronic Arts Canada from 2002 until 2006, and Executive Vice President and Chief Operating Officer of Worldwide Studios from 2006 until 2007. Mr. Schappert founded Tiburon Entertainment, the developer of the Madden NFL video game franchise, in 1994 and served as President and Chief Executive Officer until 1998, when it was acquired by EA. From 1991 until 1994, Mr. Schappert was a software engineer and game developer for Visual Concepts. Mr. Schappert earned an Associates of Arts degree from Miami Dade Community College in Miami, Florida.

- **Technology Committee of the Board** – On August 8, 2019, the Board established a standing Technology Committee of independent directors, which will have certain oversight and monitoring responsibilities with respect to technology-related risks and the overall role of technology in executing The Stars Group's business strategy. The Technology Committee is currently comprised of Eugene Roman, John Schappert and Mary Turner, with Mr. Roman serving as the chair.

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International

In thousands of U.S. Dollars (except otherwise noted)	Three Months Ended June 30, 2019	2018	% Change	Six Months Ended June 30, 2019	2018	% Change
Stakes	*249,276*	*248,572*	*0.3 %*	*524,535*	*471,557*	*11.2 %*
Betting Net Win Margin (%)	*7.3%*	*7.9%*	*(7.6)%*	*7.3%*	*7.7%*	*(5.2)%*
Revenue						
Poker	191,496	216,986	(11.7)%	405,645	462,856	(12.4)%
Poker Constant Currency Revenue	*201,830*	*216,986*	*(7.0)%*	*436,686*	*462,856*	*(5.7)%*
Gaming	104,300	101,941	2.3 %	203,208	208,651	(2.6)%
Gaming Constant Currency Revenue	*111,058*	*101,941*	*8.9 %*	*219,170*	*208,651*	*5.0 %*
Betting	18,284	19,635	(6.9)%	38,333	36,321	5.5 %
Betting Constant Currency Revenue	*18,425*	*19,635*	*(6.2)%*	*40,330*	*36,321*	*11.0 %*
Other	7,792	11,673	(33.2)%	15,299	24,173	(36.7)%
Other Constant Currency Revenue	*10,126*	*11,673*	*(13.3)%*	*18,299*	*24,173*	*(24.3)%*
Total revenue	**321,872**	**350,235**	**(8.1)%**	**662,485**	**732,001**	**(9.5)%**
Constant Currency Revenue	*341,439*	*350,235*	*(2.5)%*	***714,485***	***732,001***	***(2.4)%***
QAUs (millions)	**1.9**	**2.0**	**(4.9)%**			
QNY ($/QAU)	**163**	**167**	**(2.4)%**			
Constant Currency Revenue QNY	**172**	**167**	**2.9 %**			
Gross profit (excluding depreciation and amortization)	**248,911**	**281,076**	**(11.4)%**	**509,353**	**585,922**	**(13.1)%**
Gross profit margin (%)	77.3%	80.3%	(3.7)%	76.9%	80.0%	(3.9)%
General and administrative	107,259	106,447	0.8 %	206,234	211,667	(2.6)%
Sales and marketing [1]	36,863	42,255	(12.8)%	77,145	87,224	(11.6)%
Research and development	9,287	8,358	11.1 %	15,889	16,177	(1.8)%
Operating income	**95,502**	**124,016**	**(23.0)%**	**210,085**	**270,854**	**(22.4)%**
Adjusted EBITDA [2]	**143,223**	**164,467**	**(12.9)%**	**302,563**	**350,874**	**(13.8)%**
Adjusted EBITDA Margin (%) [2]	**44.5%**	**46.9%**	**(5.1)%**	**45.7%**	**47.9%**	**(4.6)%**
Net Deposits (millions)	**307**	**322**	**(4.7)%**			

[1] Sales and marketing includes $1.2 million and $2.7 million for the three and six months ended June 30, 2019, respectively, that the Corporation excluded from its consolidated results as it related to certain non-gaming related transactions with the United Kingdom segment.
[2] Non-IFRS measure. For important information on The Stars Group's non-IFRS measures, see below under "Non-IFRS Measures" and the tables under "Reconciliation of Non-IFRS Measures to Nearest IFRS Measures".

- **Poker –** Poker revenue for the quarter decreased year-over-year primarily as a result of adverse foreign exchange fluctuations and continued disruptions and regulatory headwinds in certain markets, including reduced deposits by customers as a result of local restrictions on some methods of payment processing and on certain methods of downloading The Stars Group's poker applications, which was partially offset by continued organic growth in most other markets.

- **Gaming –** Gaming revenue for the quarter increased year-over-year primarily as a result of organic growth in most markets, but was adversely impacted by foreign exchange fluctuations. Organic growth from recently launched products, including "Spin of the Day" and the continued roll-out of new casino games, more than offset the impact of exited markets, notably Switzerland (gaming and betting) and Slovakia (gaming, betting and poker) during the first quarter, and regulatory disruptions in certain markets, including local restrictions on some methods of payment processing.

- **Betting –** Betting revenues for the quarter decreased year-over-year primarily as a result of a lower Betting Net Win Margin and adverse foreign exchange fluctuations. Stakes, however, were stable year-over-year with underlying growth offset by the positive impact of the FIFA World Cup in the prior year period and adverse foreign exchange fluctuations.

- **Customers –** QAUs decreased primarily due to reduced activity in certain markets and the closure of certain markets, each as noted above.

- **International Senior Management Appointments –** In July, The Stars Group appointed Gino Appiotti as President of the International segment, having previously served as its Managing Director of Poker. Mr. Appiotti has served The Stars Group in various senior capacities since 2011 and will report to Mr. Ashkenazi. In addition, Severin Rasset was appointed Managing Director & Commercial Officer of Poker, previously serving as Director of Poker Innovation and Operations, and Asaf Noifeld was appointed Managing Director of Casino, previously serving as Director of Casino Product, Innovation and Operations, and succeeding Bo Wanghammar, who will assume a new, broader strategic advisor role to the International segment.

United Kingdom

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands of U.S. Dollars (except otherwise noted)	2019	2018	% Change	2019	2018	% Change
Stakes	*1,507,379*	*—*	*—%*	*3,012,351*	*—*	*—%*
Betting Net Win Margin (%)	*9.7%*	*—%*	*—%*	*7.3%*	*—%*	*—%*
Revenue						
Poker	2,714	—	—%	6,004	—	—%
Gaming	92,591	—	—%	182,894	—	—%
Betting	146,443	—	—%	220,940	—	—%
Other [1]	11,128	—	—%	22,135	—	—%
Total revenue	**252,876**	**—**	**—%**	**431,973**	**—**	**—%**
QAUs (millions)	**2.2**	**—**	**—%**			
QNY ($/QAU)	**112**	**—**	**—%**			
Gross profit (excluding depreciation and amortization)	**177,621**	**—**	**—%**	**299,146**	**—**	**—%**
Gross profit margin (%)	70.2%	—%	—%	69.3%	—%	—%
General and administrative	108,488	—	—%	217,075	—	—%
Sales and marketing	30,717	—	—%	65,311	—	—%
Research and development	3,535	—	—%	7,871	—	—%
Operating income	**34,881**	**—**	**—%**	**8,889**	**—**	**—%**
Adjusted EBITDA [2]	**101,053**	**—**	**—%**	**143,272**	**—**	**—%**
Adjusted EBITDA Margin (%) [2]	**40.0%**	**—%**	**—%**	**33.2%**	**—%**	**—%**

[1] Other revenue includes $1.2 million and $2.7 million for the three and six months ended June 30, 2019, respectively, that the Corporation excluded from its consolidated results as it related to certain non-gaming related transactions with the International segment.
[2] Non-IFRS measure. For important information on The Stars Group's non-IFRS measures, see below under "Non-IFRS Measures" and the tables under "Reconciliation of Non-IFRS Measures to Nearest IFRS Measures".

- **Revenue** - Revenue for the quarter, which on a local currency (Great Britain pound sterling) basis was a Sky Betting & Gaming record, was primarily driven by strong growth in QAUs and Stakes, largely as a result of the success of investments in promotional activity in the first quarter, including during the Cheltenham Festival, one of the U.K.'s most popular horse racing events. Betting Net Win Margin was 9.7%, slightly above the historical long-term average of approximately 9%.

- **Customers** - Record QAUs and Stakes in the quarter, which were primarily a result of the successful promotional activity and ongoing product innovation and improvements across betting and gaming offerings, in each case exceeding the positive impact of the FIFA World Cup in the prior year period. Stakes continued to see strong growth from increased new customer engagement, while QAUs also continued to benefit from the on-going roll-out of personalized promotions and new and exclusive content across the Sky Betting & Gaming brands, including the recent launches of Sky Bingo Arcade and Sky Lotto, a new free-to-play game.

Australia

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands of U.S. Dollars (except otherwise noted)	2019	2018 [1]	% Change	2019	2018 [1]	% Change
Stakes	*742,312*	*710,269*	*4.5 %*	*1,496,638*	*867,726*	*72.5 %*
Betting Net Win Margin (%)	*8.5%*	*8.6%*	*(1.2)%*	*8.3%*	*8.3%*	*— %*
Revenue						
Betting	63,226	61,277	3.2 %	124,346	72,402	71.7 %
Other	844	—	— %	1,898	—	— %
Total revenue	**64,070**	**61,277**	**4.6 %**	**126,244**	**72,402**	**74.4 %**
QAUs (millions)	**0.21**	**—**	**— %**			
QNY ($/QAU)	**295**	**—**	**— %**			
Gross profit (excluding depreciation and amortization)	**38,376**	**46,799**	**(18.0)%**	**75,657**	**54,435**	**39.0 %**
Gross profit margin (%)	59.9%	76.4%	(21.6)%	59.9%	75.2%	(20.3)%
General and administrative	28,821	40,270	(28.4)%	54,903	44,607	23.1 %
Sales and marketing	13,304	12,262	8.5 %	24,068	16,473	46.1 %
Research and development	576	768	(25.0)%	2,149	984	118.4 %
Operating loss	**(4,325)**	**(6,501)**	**33.5 %**	**(5,463)**	**(7,629)**	**28.4 %**
Adjusted EBITDA [2]	**7,192**	**13,489**	**(46.7)%**	**15,822**	**12,643**	**25.1 %**
Adjusted EBITDA Margin (%) [2]	**11.2%**	**22.0%**	**(49.1)%**	**12.5%**	**17.4%**	**(28.2)%**

[1] The Stars Group acquired 62% of BetEasy on February 27, 2018 and a further 18% on April 24, 2018, with BetEasy acquiring William Hill Australia on the same day.
[2] Non-IFRS measure. For important information on The Stars Group's non-IFRS measures, see below under "Non-IFRS Measures" and the tables under "Reconciliation of Non-IFRS Measures to Nearest IFRS Measures".

- **Revenue** – Revenue for the quarter increased year-over-year primarily as a result of Stakes growth driven by the migration of customers of the former William Hill Australia business to the BetEasy platform and the launch of MyRewards towards the end of the first quarter. This was partially offset by the positive impact of the FIFA World Cup in the prior year period. Betting Net Win Margin of 8.5% was in line with the long-term historical average.

- **Customers** – QAUs improved from the prior quarter driven by continued player acquisition, but decreased from the prior year period primarily as a result of the migration of customers of the former William Hill Australia business to the BetEasy platform beginning in August 2018, and an increased focus on high-value, recreational customers. QNY benefited from encouraging results from the continued roll-out of MyRewards, allowing for targeted, personalized promotions.

- **Kayo Sports** – In May 2019, BetEasy announced a new partnership with Kayo Sports to become the exclusive wagering partner of the Australian multi-sport streaming service. Under the two-year agreement, BetEasy and Kayo will work together to deliver innovative content, statistics and promotional integrations that deepen engagement and enhance the wagering and viewing experience for Australian customers.

For additional information regarding The Stars Group's reporting segments and major lines of operations, please see The Stars Group's interim condensed consolidated financial statements for the three and six months ended June 30, 2019 (the "Q2 2019 Financial Statements"), including note 5 therein, and management's discussion and analysis thereon (the "Q2 2019 MD&A").

2019 Updated Full Year Guidance

The Stars Group is updating its 2019 full year consolidated financial guidance ranges as follows:

- Revenue of between $2,500 and $2,575 million (previously $2,640 and $2,765 million);
- Adjusted EBITDA of between $905 and $930 million (previously $960 and $1,010 million); and
- Adjusted Diluted Net Earnings per Share of between $1.68 and $1.83 (previously $1.87 and $2.11).

In addition to the updated assumptions detailed below, the expected revenue and Adjusted EBITDA ranges reflect the impact of negative foreign exchange fluctuations, a historically low Betting Net Win Margin in the first quarter for the United Kingdom segment, the slower than planned recovery in certain disrupted markets and some delays in launching The Stars Group's newly licensed operations in certain jurisdictions, such as Switzerland.

In addition to approximately $15 million for negative foreign exchange fluctuations, the expected Adjusted EBITDA range also reflects the impact of the following factors:

- Approximately $40 million for The Stars Group's investment in FOX Bet and its U.S. operations; and
- An offsetting underlying improvement in operations, primarily driven by an operational excellence program to streamline certain fixed costs and currently expected sequential improvements in disrupted markets.

The Stars Group continues to expect to achieve the medium-term financial and leverage target ranges set out in its news release on March 27, 2019, but now over the three to five year period from the updated 2019 financial guidance ranges above.

In addition, to provide further clarity with respect to certain key assumptions and the impact of its 2018 acquisitions on its full year 2019 expected results, The Stars Group is also updating information for certain financial items, which unless noted below remain unchanged from the previously announced ranges:

- Depreciation and amortization (excluding purchase price allocation amortization) of between $75 and $85 million;
- Cash interest expense of between $280 and $290 million (previously between $290 and $300 million);
- Effective tax rate (applied to Adjusted EBITDA less cash interest expense and non-purchase price allocation related depreciation and amortization) of approximately 10% (previously between 8% and 10%);
- Diluted Shares of 283 million (previously 277 million); and
- Capital expenditures, which includes estimated spend on intangible assets, property, plant and equipment and certain development costs, of approximately $150 million (previously between $110 and $150 million)

These unaudited expected results, targets and other information reflect management's view of current and future market and business conditions, including certain accounting assumptions and, other than as noted directly above or below, assumptions of (i) expected Betting Net Win Margin of approximately 8.5% (with the remainder of the year and the medium-term targets unchanged from the previous estimates of approximately 9%), (ii) no further material changes in the current challenging operating conditions in certain markets from prior regulatory changes, including constraints on payment processing and accessing certain products, and no material changes to current expectations with respect to certain macroeconomic or political events, including Brexit, (iii) no other material regulatory events or material changes in applicable taxes or duty rates, (iv) no other material investments associated with the entry into new markets and no material change in The Stars Group's current estimate of its aggregate addressable U.S. market size of approximately 23 states and $9.3 billion by 2025, (v) other than as updated below, no further material foreign currency exchange rate fluctuations, particularly against the Euro, Great Britain pound sterling and Australian dollar, (vi) no material impairment or write-down of the assets to which depreciation and amortization relates, (vii) no material change in the prevailing EURIBOR or LIBOR rates as at June 30, 2019 (previously December 31, 2018) and no material adverse impact on applicable hedging counterparties, (viii) no material change in the mix of taxable income by jurisdiction, rate of corporate tax or tax regimes in the jurisdictions in which The Stars Group currently operates; (ix) no material change in the mix of geographies where The Stars Group currently offers its products, and (x) no material change in The Stars Group's Diluted Shares.

Such guidance, targets and information are also now based on an updated Euro to U.S. dollar exchange rate of 1.12 to 1.00 (previously 1.135 to 1.00), a Great Britain pound sterling to U.S. dollar exchange rate of 1.22 to 1.00 (previously 1.31 to 1.00) and an Australian dollar to U.S. dollar exchange rate of 0.69 to 1.00 (previously 0.712 to 1.00), for the second half of 2019.

Consolidated Financial Statements, Management's Discussion and Analysis and Additional Information

The Stars Group's Q2 2019 Financial Statements, Q2 2019 MD&A, and additional information relating to The Stars Group and its business, can be found on SEDAR at www.sedar.com, Edgar at www.sec.gov and The Stars Group's website at www.starsgroup.com. The financial information presented in this news releases was derived from the Q2 2019 Financial Statements.

In addition to press releases, securities filings and public conference calls and webcasts, The Stars Group intends to use its investor relations page on its website as a means of disclosing material information to its investors and others and for complying with its disclosure obligations under applicable securities laws. Accordingly, investors and others should monitor the website in addition to following The Stars Group's press releases, securities filings and public conference calls and webcasts. This list may be updated from time to time.

Conference Call and Webcast Details

The Stars Group will host a conference call today, August 12, 2019 at 8:30 a.m. ET to discuss its financial results for the second quarter 2019 and related matters, and provide additional detail with respect to the information in this news release, its webcast presentation and related filings. To access via tele-conference, please dial +1-877-451-6152 or +1-201-389-0879 ten minutes prior to the scheduled start of the call. The playback will be made available two hours after the event at +1-844-512-2921 or +1-412-317-6671. The Conference ID number is 13693490. To access the webcast please use the following link: http://public.viavid.com/index.php?id=134939.

Reconciliation of Non-IFRS Measures to Nearest IFRS Measures

The tables below present reconciliations of Adjusted EBITDA, Adjusted Net Earnings and Adjusted Diluted Net Earnings per Share to net earnings (loss), which is the nearest IFRS measure. For additional information, see "Reconciliations" in the Q2 2019 MD&A.

	Three Months Ended June 30, 2019				
In thousands of U.S. Dollars	International	United Kingdom	Australia	Corporate	Consolidated
Net earnings (loss)	**95,502**	**34,881**	**(4,325)**	**(121,429)**	**4,629**
Income tax expense	—	—	—	(21,081)	(21,081)
Net financing charges	—	—	—	(68,245)	(68,245)
Operating income (loss)	**95,502**	**34,881**	**(4,325)**	**(32,103)**	**93,955**
Depreciation and amortization	39,377	60,146	9,404	154	109,081
Add (deduct) the impact of the following:					
Stock-based compensation	—	—	—	4,726	4,726
(Gains) losses from investments	(463)	44	—	93	(326)
(Recovery) impairment of intangible assets	(1)	2,499	—	—	2,498
Other costs	8,808	3,483	2,113	12,396	26,800
Total adjusting items	**8,344**	**6,026**	**2,113**	**17,215**	**33,698**
Adjusted EBITDA	**143,223**	**101,053**	**7,192**	**(14,734)**	**236,734**

In thousands of U.S. Dollars	Six Months Ended June 30, 2019				
	International	United Kingdom	Australia	Corporate	Consolidated
Net earnings (loss)	**210,085**	**8,889**	**(5,463)**	**(181,224)**	**32,287**
Income tax expense	—	—	—	(7,983)	(7,983)
Net financing charges	—	—	—	(115,222)	(115,222)
Operating income (loss)	**210,085**	**8,889**	**(5,463)**	**(58,019)**	**155,492**
Depreciation and amortization	77,356	121,817	18,846	356	218,375
Add (deduct) the impact of the following:					
Stock-based compensation	—	—	—	7,462	7,462
(Gains) losses from investments	(530)	44	—	93	(393)
Impairment of intangible assets	11	2,641	—	—	2,652
Other costs	15,641	9,881	2,439	20,540	48,501
Total adjusting items	**15,122**	**12,566**	**2,439**	**28,095**	**58,222**
Adjusted EBITDA	**302,563**	**143,272**	**15,822**	**(29,568)**	**432,089**

In thousands of U.S. Dollars	Three Months Ended June 30, 2018				
	International	United Kingdom	Australia	Corporate	Consolidated
Net earnings (loss)	**125,084**	**—**	**(6,501)**	**(273,407)**	**(154,824)**
Income tax recovery	—	—	—	3,404	3,404
Net financing charges	—	—	—	(160,360)	(160,360)
Net earnings from associates	1,068	—	—	—	1,068
Operating income (loss)	**124,016**	**—**	**(6,501)**	**(116,451)**	**1,064**
Depreciation and amortization	35,987	—	8,588	10	44,585
Add (deduct) the impact of the following:					
Acquisition-related costs and deal contingent forwards	—	—	—	95,627	95,627
Stock-based compensation	—	—	—	3,265	3,265
(Gain) loss from investments	(270)	—	5	—	(265)
Impairment of intangible assets	959	—	—	—	959
Other costs	3,775	—	11,397	7,864	23,036
Total adjusting items	**4,464**	**—**	**11,402**	**106,756**	**122,622**
Adjusted EBITDA	**164,467**	**—**	**13,489**	**(9,685)**	**168,271**

In thousands of U.S. Dollars	Six Months Ended June 30, 2018 International	United Kingdom	Australia	Corporate	Consolidated
Net earnings (loss)	271,922	—	(7,629)	(344,756)	(80,463)
Income tax recovery	—	—	—	2,249	2,249
Net financing charges	—	—	—	(198,711)	(198,711)
Net earnings from associates	1,068	—	—	—	1,068
Operating income (loss)	270,854	—	(7,629)	(148,294)	114,931
Depreciation and amortization	73,956	—	9,868	19	83,843
Add the impact of the following:					
Acquisition-related costs and deal contingent forwards	—	—	—	110,818	110,818
Stock-based compensation	—	—	—	5,648	5,648
Loss from investments	247	—	—	—	247
Impairment of intangible assets	1,074	—	—	—	1,074
Other costs	4,743	—	10,404	11,585	26,732
Total adjusting items	**6,064**	**—**	**10,404**	**128,051**	**144,519**
Adjusted EBITDA	**350,874**	**—**	**12,643**	**(20,224)**	**343,293**

In thousands of U.S. Dollars (except per share amounts)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Net earnings (loss)	**4,629**	**(154,824)**	**32,287**	**(80,463)**
Income tax expense (recovery)	21,081	(3,404)	7,983	(2,249)
Earnings (loss) before income taxes	**25,710**	**(158,228)**	**40,270**	**(82,712)**
Add (deduct) the impact of the following:				
Interest accretion	14,088	9,029	22,357	21,080
Loss on debt extinguishment	—	124,976	—	124,976
Re-measurement of contingent consideration	(3,335)	3,697	(12,713)	3,697
Re-measurement of embedded derivative	(12,200)	—	(34,800)	—
Unrealized foreign exchange (gain) loss on financial instruments associated with financing activities	(292)	—	1,340	—
Ineffectiveness on cash flow hedges	5,708	—	7,564	—
Acquisition-related costs and deal contingent forwards	—	95,627	—	110,818
Amortization of acquisition intangibles	87,789	31,482	177,744	62,858
Stock-based compensation	4,726	3,265	7,462	5,648
Gain from investments and earnings from associates	(326)	(1,333)	(393)	(821)
Impairment of intangible assets	2,498	959	2,652	1,074
Other costs	26,800	23,036	48,501	26,732
Adjust for income tax expense	(13,697)	(1,487)	(16,915)	(3,565)
Adjusted Net Earnings	**137,469**	**131,023**	**243,069**	**269,785**
Adjusted Net Earnings attributable to				
Shareholders of The Stars Group Inc.	136,584	129,237	241,410	269,469
Non-controlling interest	885	1,786	1,659	316
Diluted Shares	282,399,213	215,380,175	278,181,337	212,449,078
Adjusted Diluted Net Earnings per Share	**0.48**	**0.60**	**0.87**	**1.27**

The table below presents certain items comprising "Other costs" in the reconciliation tables above:

In thousands of U.S. Dollars	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Integration costs of acquired businesses	4,899	11,467	12,922	11,467
Financial expenses	1,083	4,330	2,113	2,049
Restructuring expenses	2,320	1,426	6,229	2,058
AMF, foreign payments and other investigation and related professional fees	6,511	2,875	9,220	4,659
Lobbying (U.S. and Non-U.S.) and other legal expenses	3,290	2,665	6,562	5,658
Professional fees in connection with non-core activities	8,643	102	10,463	553
Retention bonuses	—	117	—	234
(Gain) loss on disposal of assets	(393)	41	(393)	41
Other	447	13	1,385	13
Other costs	**26,800**	**23,036**	**48,501**	**26,732**

The table below presents a reconciliation of Free Cash Flow to net cash flows from operating activities, which is the nearest IFRS measure:

In thousands of U.S. Dollars	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net cash inflows from operating activities	173,208	164,011	283,593	296,080
Customer deposit liability movement	12,995	(14,090)	(2,346)	(13,901)
	186,203	149,921	281,247	282,179
Capital expenditure:				
Additions to deferred development costs	(18,887)	(9,759)	(39,033)	(16,190)
Additions to property and equipment	(4,131)	(5,676)	(8,178)	(9,261)
Additions to intangible assets	(13,971)	(9,415)	(18,505)	(11,842)
Interest paid	(50,524)	(34,790)	(142,285)	(66,278)
Debt servicing cash flows (excluding voluntary prepayments)	(13,870)	(5,425)	(25,939)	(11,493)
Free Cash Flow	**84,820**	**84,856**	**47,307**	**167,115**

The table below presents a reconciliation of Net Debt:

In thousands of U.S. Dollars	As at June 30, 2019
Current portion of long-term debt	35,750
Long-term debt	5,053,165
Less: Cash and cash equivalents - operational	339,239
Net Debt	**4,749,676**

The table below presents a reconciliation of The Stars Group's updated 2019 financial guidance ranges for Adjusted EBITDA and Adjusted Diluted Net Earnings per Share to their corresponding 2018 historical balances. Reconciliations of such 2018 historical balances to their nearest non-IFRS measures are as presented in the news release issued by The Stars Group on March 6, 2019, under the heading "Reconciliation of Non-IFRS Measures to Nearest IFRS Measures".

In millions of U.S. Dollars (except per share amounts)	2018 Actual	2019 Full Year Guidance Low[1]	2019 Full Year Guidance High[1]
Operating Income (loss)	253	330	355
Depreciation and amortization	283	450	430
Add (deduct) the impact of the following:			
Adjusting items[2]	136	10	20
Other costs[3]	109	115	125
Total Adjustments	245	125	145
Adjusted EBITDA	781	905	930
Depreciation and amortization[4]	41	85	75
Interest[5]	184	290	280
Taxes[6]	22	50	53
Adjusted Net Earnings	**534**	**480**	**522**
Adjusted Net Earnings attributable to			
Shareholders of Stars Group Inc.	531	475	518
Non-controlling Interest	3	5	4
Diluted Shares	243	283	283
Adjusted Diluted Net Earnings per Share	**2.19**	**1.68**	**1.83**

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[1] For relevant assumptions, see above under “2019 Updated Financial Guidance”. Note that certain reconciling or adjusting items and costs for 2019 cannot be projected or predicted with reasonable certainty without unreasonable effort due to a number of factors, including variability from potential foreign exchange fluctuations impacting financial expenses, the nature and timing of other non-recurring or one-time costs (such as impairment of intangibles assets and certain professional fees), which could vary materially based on actual events or transactions or unknown or unpredictable variables, as well as the typical variability arising from the preparation and completion of annual financial statements, including, without limitation, certain income tax provision accounting, annual impairment testing and other accounting matters. Other adjusting items and costs (such as stock-based compensation, acquisition and integration-related costs, operational efficiency-related costs and other strategy-related expenses) may otherwise reveal commercially or competitively sensitive information. The Stars Group has also not provided a reconciliation of the non-IFRS measures to the nearest IFRS measures included in its updated full year 2019 guidance provided in this news release because of these reasons.

[2] With respect to the relevant adjusting items for 2018, see the Adjusted EBITDA reconciliation in the news release issued by The Stars Group on March 6, 2019, under the heading “Reconciliation of Non-IFRS Measures to Nearest IFRS Measures”. With respect to 2019, The Stars Group currently expects to incur and adjust for substantially similar items as it did in 2018 except for “acquisition-related costs and deal contingent forwards”, which related to the acquisitions of Sky Betting & Gaming and BetEasy and comprised the majority of such adjusting items in that year.

[3] With respect to the Other costs for 2018, see the "Other costs" reconciliation in the news release issued by The Stars Group on March 6, 2019, under the heading “Reconciliation of Non-IFRS Measures to Nearest IFRS Measures”. With respect to 2019, The Stars Group currently expects to incur and adjust for substantially similar costs as it did in 2018.

[4] “Depreciation and amortization” means total depreciation and amortization, excluding amortization of acquisition intangibles, which is not adjusted for in this measure.

[5] “Interest” means total net financing charges, including interest on long term debt and other interest (income) expense but excluding interest accretion, ineffectiveness on cash flow hedges, re-measurement of deferred contingent consideration, and re-measurement of embedded derivatives, each of which is not adjusted for in this measure.

[6] “Taxes” means total income tax expense, excluding the impact of tax on “Adjusting items” and “Other costs” included in the calculation of Adjusted EBITDA for each period.

For additional information on The Stars Group's non-IFRS measures, see the Q2 2019 MD&A, including under the headings "Management's Discussion and Analysis", "Non-IFRS Measures, Key Metrics and Other Data", "Segment Results of Operations" and "Reconciliations".

About The Stars Group

The Stars Group is a provider of technology-based product offerings in the global gaming and interactive entertainment industries. Its brands have millions of registered customers globally and collectively are leaders in online and mobile betting, poker, casino and other gaming-related offerings. The Stars Group owns or licenses gaming and related consumer businesses and brands, including PokerStars, PokerStars Casino, BetStars, Full Tilt, FOX Bet, BetEasy, Sky Bet, Sky Vegas, Sky Casino, Sky Bingo, Sky Poker, and Oddschecker, as well as live poker tour and events brands, including the PokerStars Players No Limit Hold'em Championship, European Poker Tour, PokerStars Caribbean Adventure, Latin American Poker Tour, Asia Pacific Poker Tour, PokerStars Festival and PokerStars MEGASTACK. The Stars Group is one of the world's most licensed online gaming operators with its subsidiaries collectively holding licenses or approvals in 21 jurisdictions throughout the world, including in Europe, Australia, and the Americas. The Stars Group's vision is to become the world's favorite iGaming destination and its mission is to provide its customers with winning moments.

Cautionary Note Regarding Forward Looking Statements

This news release contains forward-looking statements and information within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable securities laws, including, without limitation, certain financial and operational expectations and projections, such as certain future operational and growth plans and strategies, and certain financial items relating to the full year 2019 results. Forward-looking statements and information can, but may not always, be identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "would", "should", "believe", "objective", "ongoing", "imply", "assumes", "goal", "likely" and similar references to future periods or the negatives of these words or variations or synonyms of these words or comparable terminology and similar expressions. These statements and information, other than statements of historical fact, are based on management's current expectations and are subject to a number of risks, uncertainties, and assumptions, including market and economic conditions, business prospects or opportunities, future plans and strategies, projections, technological developments, anticipated events and trends and regulatory changes that affect The Stars Group and its customers, partners, suppliers and industries in which it operates or may operate in the future. Although The Stars Group and management believe the expectations reflected in such forward-looking statements and information are reasonable and are based on reasonable assumptions and estimates as of the date hereof, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward-looking statements are inherently subject to significant business, regulatory, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements. Specific risks and uncertainties include, but are not limited to: customer and operator preferences and changes in the economy; reputation and brand growth; competition and the competitive environment within addressable markets and industries; macroeconomic conditions and trends in the gaming and betting industry; ability to predict fluctuations in financial results from quarter to quarter; ability to mitigate tax risks and adverse tax consequences, including, without limitation, changes in tax laws or administrative policies relating to tax and the imposition of new or additional taxes, such as value-added and point of consumption taxes, and gaming duties; The Stars Group's substantial indebtedness requires that it use a significant portion of its cash flow to make debt service payments; impact of inability to complete future or announced acquisitions or to integrate businesses successfully, including, without limitation, Sky Betting & Gaming and BetEasy; contractual relationships of The Stars Group with FOX Corporation and Sky plc and/or their respective subsidiaries; an ability to realize all or any of The Stars Group's estimated synergies and cost savings in connection with acquisitions, including, without limitation, the acquisition of Sky Betting & Gaming and the Australian acquisitions; ability to mitigate foreign exchange and currency risks; legal and regulatory requirements; potential changes to the gaming regulatory framework, including without limitation, those that may impact The Stars Group's ability to access and operate in certain jurisdictions, whether directly or through arrangements with locally based operators; the heavily regulated industry in which The Stars Group carries on its business; ability to obtain, maintain and comply with all applicable and required licenses, permits and certifications to offer, operate and market its product offerings, including difficulties or delays in the same; social responsibility concerns and public opinion; protection of proprietary technology and intellectual property rights; intellectual property infringement or invalidity claims; and systems, networks, telecommunications or service disruptions or failures or cyber-attacks and failure to protect customer data, including personal and financial information. These factors are not intended to represent a complete list of the factors that could affect The Stars Group; however, these factors as well as other applicable risks and uncertainties include, but are not limited to, those identified in its most recently filed annual information form, including under the heading "Risk Factors and Uncertainties", and in its most recently filed management's discussion and analysis, including under the headings "Caution Regarding Forward-Looking Statements", "Risk Factors and Uncertainties" and "Non-IFRS Measures, Key Metrics and Other Data", each available on SEDAR at www.sedar.com, EDGAR at www.sec.gov and The Stars Group's website at www.starsgroup.com, and in other filings that The Stars Group has made and may make in the future with applicable securities authorities in the future, should be considered carefully. Investors are cautioned not to put undue reliance on forward-looking statements or information. Any forward-looking statement or information in this news release are expressly qualified by this cautionary statement. Any forward-looking statement or information speaks only as of the date hereof, and The Stars Group undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Non-IFRS Measures

This news release references non-IFRS financial measures. The Stars Group believes these non-IFRS financial measures will provide investors with useful supplemental information about the financial and operational performance of its business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating its business, identifying and evaluating trends, and making decisions. The Stars Group believes that such non-IFRS financial measures provide useful information about its underlying, core operating results and trends, enhance the overall understanding of its past performance and future prospects and allow for greater transparency with respect to metrics and measures used by management in its financial and operational decision-making.

Although management believes these non-IFRS financial measures are important in evaluating The Stars Group, they are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with IFRS. They are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. These measures may be different from non-IFRS financial measures used by other companies any may not be comparable to similar meanings prescribed by other companies, limiting its usefulness for comparison purposes. Moreover, presentation of certain of these measures is provided for period-over-period comparison purposes, and investors should be cautioned that the effect of the adjustments thereto provided herein have an actual effect on The Stars Group's operating results. In addition to QNY, which is defined below under "Key Metrics and Other Data",
The Stars Group provides the following non-IFRS measures in this news release:

Adjusted EBITDA means net earnings before financial expenses, income tax expense (recovery), depreciation and amortization, stock-based compensation, restructuring, net earnings (loss) on associate and certain other items as set out in the reconciliation tables under "Reconciliation of Non-IFRS Measures to Nearest IFRS Measures" above.

Adjusted EBITDA Margin means Adjusted EBITDA as a proportion of total revenue.

Adjusted Net Earnings means net earnings before interest accretion, amortization of intangible assets resulting from purchase price allocations following acquisitions, stock-based compensation, restructuring, net earnings (loss) on associate, and certain other items. In addition, as previously disclosed, The Stars Group makes adjustments for (i) the re-measurement of contingent consideration, which was previously included in, and adjusted for through, interest accretion, but starting with The Stars Group's interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2018 (the "Q3 2018 Financial Statements"), it is a separate line item, (ii) the re-measurement of embedded derivatives and ineffectiveness on cash flow hedges, each of which were new line items in the Q3 2018 Financial Statements, and (iii) certain non-recurring tax adjustments and settlements. Each adjustment to net earnings is then adjusted for the tax impact, where applicable, in the respective jurisdiction to which the adjustment relates. Adjusted Net Earnings and any other non-IFRS measures used by The Stars Group that relies on or otherwise incorporates Adjusted Net Earnings that was reported for previous periods have not been restated under the updated definition on the basis that The Stars Group believes that the impact of the change to those periods would not be material.

Adjusted Diluted Net Earnings per Share means Adjusted Net Earnings attributable to the Shareholders of The Stars Group Inc. divided by Diluted Shares. Diluted Shares means the weighted average number of Common Shares on a fully diluted basis, including options, other equity-based awards such as warrants and any convertible preferred shares of The Stars Group then outstanding. The effects of anti-dilutive potential Common Shares are ignored in calculating Diluted Shares. Diluted Shares used in the calculation of diluted earnings per share may differ from diluted shares used in the calculation of Adjusted Diluted Net Earnings per Share where the dilutive effects of the potential Common Shares differ. See note 8 in the Q2 2019 Financial Statements. For the three and six months ended June 30, 2019, Diluted Shares used for the calculation of Adjusted Diluted Net Earnings per Share equaled 282,399,213 and 278,181,337, respectively, compared with 215,380,175 and 212,449,078 for the prior year periods, respectively.

Constant Currency Revenue means IFRS reported revenue for the relevant period calculated using the applicable prior year period's monthly average exchange rates for its local currencies other than the U.S. dollar. Currently, The Stars Group provides Constant Currency Revenue for the International segment and its applicable lines of operations. It does not currently provide Constant Currency Revenue for the United Kingdom and Australia segments because The Stars Group does not yet have full reported comparative periods for these segments as a result of the respective acquisition dates of Sky Betting & Gaming and BetEasy, and with respect to BetEasy, the Corporation had not yet completed the previously announced migration of the former William Hill Australia customers onto the BetEasy platform. The Corporation intends to provide information on the impact of foreign exchange rates for these segments either individually or on a consolidated basis when applicable reported comparative period information is available that the Corporation believes would be reasonably comparable to the current periods as noted above.

Free Cash Flow means net cash flows from operating activities after adding back customer deposit liability movements and after capital expenditures and debt servicing cash flows (excluding voluntary prepayments).

Net Debt means total long-term debt less operational cash.

For additional information on certain of The Stars Group's non-IFRS measures and the reasons why it believes such measures are useful, see above and the Q2 2019 MD&A, including under the headings "Management's Discussion and Analysis", "Non-IFRS Measures, Key Metrics and Other Data", "Segment Results of Operations" and "Reconciliations".

Key Metrics and Other Data

The Stars Group provides the following key metrics in this news release:

QAUs for the International and Australia reporting segments means active unique customers (online, mobile and desktop client) who (i) made a deposit or transferred funds into their real-money account with The Stars Group at any time, and (ii) generated real-money online rake or placed a real-money online bet or wager during the applicable quarterly period. The Stars Group defines "active unique customer" as a customer who played or used one of its real-money offerings at least once during the period, and excludes duplicate counting, even if that customer is active across multiple lines of operation (Poker, Gaming and/or Betting, as applicable) within the applicable reporting segment. The definition of QAUs excludes customer activity from certain low-stakes, non-raked real-money poker games, but includes real-money activity by customers using funds (cash and cash equivalents) deposited by The Stars Group into such customers' previously funded accounts as promotions to increase their lifetime value.

QAUs for the United Kingdom reporting segment (which currently includes the Sky Betting & Gaming business operations only) means active unique customers (online and mobile) who have settled a Stake (as defined below) or made a wager on any betting or gaming product within the applicable quarterly period. The Stars Group defines "active unique customer" for the United Kingdom reporting segment as a customer who played at least once on one of its real-money offerings during the period, and excludes duplicate counting, even if that customer is active across more than one line of operation.

QNY means combined revenue for its lines of operation (i.e., Poker, Gaming and/or Betting, as applicable) for each reporting segment, excluding Other revenue, as reported during the applicable quarterly period (or as adjusted to the extent any accounting reallocations are made in later periods) divided by the total QAUs during the same period.

Net Deposits for the International segment means the aggregate of gross deposits or transfer of funds made by customers into their real-money online accounts less withdrawals or transfer of funds by such customers from such accounts, in each case during the applicable quarterly period. Gross deposits exclude (i) any deposits, transfers or other payments made by such customers into The Stars Group's play-money and social gaming offerings, and (ii) any real-money funds (cash and cash equivalents) deposited by The Stars Group into such customers' previously funded accounts as promotions to increase their lifetime value.

Stakes means betting amounts wagered on The Stars Group's applicable online betting product offerings, and is also an industry term that represents the aggregate amount of funds wagered by customers within the betting line of operation for the period specified.

Betting Net Win Margin means Betting revenue as a proportion of Stakes.

The Stars Group is also continuing the process of integrating its recent acquisitions, as applicable, and implementing its recently changed operating and reporting segments, and once complete, The Stars Group may revise or remove currently presented key metrics or report certain additional or other measures in the future.

For additional information on The Stars Group's key metrics and other data, see the Q2 2019 MD&A, including under the headings "Non-IFRS Measures, Key Metrics and Other Data" and "Segment Results of Operations".

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UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

In thousands of U.S. Dollars (except per share and share amounts)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Revenue	637,618	411,512	1,218,002	804,403
Cost of revenue (excluding depreciation and amortization)	(173,910)	(83,637)	(336,546)	(163,901)
Gross profit (excluding depreciation and amortization)	**463,708**	**327,875**	**881,456**	**640,502**
General and administrative	(276,440)	(262,786)	(535,797)	(404,093)
Sales and marketing	(79,915)	(54,899)	(164,258)	(104,317)
Research and development	(13,398)	(9,126)	(25,909)	(17,161)
Operating income	**93,955**	**1,064**	**155,492**	**114,931**
Gain (loss) on re-measurement of deferred contingent payment	3,335	(3,697)	12,713	(3,697)
Gain on re-measurement of embedded derivative	12,200	—	34,800	—
Unrealized foreign exchange gain (loss) on financial instruments associated with financing activities	292	—	(1,340)	—
Other net financing charges	(84,072)	(156,663)	(161,395)	(195,014)
Net financing charges	**(68,245)**	**(160,360)**	**(115,222)**	**(198,711)**
Net earnings from associates	**—**	**1,068**	**—**	**1,068**
Earnings (loss) before income taxes	**25,710**	**(158,228)**	**40,270**	**(82,712)**
Income tax (expense) recovery	(21,081)	3,404	(7,983)	2,249
Net earnings (loss)	**4,629**	**(154,824)**	**32,287**	**(80,463)**
Net earnings (loss) attributable to				
Shareholders of The Stars Group Inc.	4,757	(153,645)	32,670	(78,194)
Non-controlling interest	(128)	(1,179)	(383)	(2,269)
Net earnings (loss)	**4,629**	**(154,824)**	**32,287**	**(80,463)**
Earnings (loss) per Common Share (U.S. dollars)				
Basic	$0.02	($1.01)	$0.12	($0.52)
Diluted	$0.02	($1.01)	$0.12	($0.52)
Weighted average Common Shares outstanding (thousands)				
Basic	281,689	152,788	277,557	150,523
Diluted	282,399	152,788	278,181	150,523

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In thousands of U.S. Dollars	As at June 30, 2019	As at December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents - operational	339,239	392,853
Cash and cash equivalents - customer deposits	326,628	328,223
Total cash and cash equivalents	665,867	721,076
Restricted cash advances and collateral	9,239	10,819
Prepaid expenses and other current assets	45,296	43,945
Current investments - customer deposits	105,196	103,153
Accounts receivable	121,190	136,347
Income tax receivable	25,074	26,085
Total current assets	**971,862**	**1,041,425**
Non-current assets		
Restricted cash advances and collateral	10,677	10,630
Prepaid expenses and other non-current assets	31,605	32,760
Non-current accounts receivable	15,418	14,906
Property and equipment	139,532	85,169
Income tax receivable	24,686	15,611
Deferred income taxes	8,405	1,775
Derivatives	62,518	54,583
Intangible assets	4,590,758	4,742,699
Goodwill	5,256,819	5,265,980
Total non-current assets	**10,140,418**	**10,224,113**
Total assets	**11,112,280**	**11,265,538**
LIABILITIES		
Current liabilities		
Accounts payable and other liabilities	439,349	424,007
Customer deposits	421,084	423,739
Current provisions	29,556	39,189
Derivatives	10,051	16,493
Income tax payable	60,419	72,796
Current portion of lease liability	18,764	—
Current portion of long-term debt	35,750	35,750
Total current liabilities	**1,014,973**	**1,011,974**
Non-current liabilities		
Lease liability	44,121	—
Long-term debt	5,053,165	5,411,208
Long-term provisions	3,637	4,002
Derivatives	40,675	6,068
Other long-term liabilities	—	79,716
Income tax payable	11,659	18,473
Deferred income taxes	574,392	580,697
Total non-current liabilities	**5,727,649**	**6,100,164**
Total liabilities	**6,742,622**	**7,112,138**
EQUITY		
Share capital	4,355,902	4,116,287
Reserves	(525,270)	(469,629)
Retained earnings	535,431	502,761
Equity attributable to the Shareholders of The Stars Group Inc.	**4,366,063**	**4,149,419**
Non-controlling interest	3,595	3,981
Total equity	**4,369,658**	**4,153,400**
Total liabilities and equity	**11,112,280**	**11,265,538**

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
In thousands of U.S. Dollars	2019	2018
Operating activities		
Net earnings (loss)	32,287	(80,463)
Add (deduct):		
Income tax expense (recovery) recognized in net earnings (loss)	7,983	(2,249)
Net financing charges	115,222	198,710
Depreciation and amortization	218,375	83,843
Stock-based compensation	7,462	5,948
Unrealized loss on foreign exchange	656	68,996
Unrealized gain on investments	(485)	(164)
Impairment of property and equipment and intangible assets	2,652	1,074
Net earnings from associates	—	(1,068)
Realized (gain) loss on current investments and promissory note	(292)	28
Income taxes paid	(46,512)	(15,772)
Changes in non-cash operating elements of working capital	(57,433)	18,525
Customer deposit liability movement	2,346	13,901
Other	1,332	4,771
Net cash inflows from operating activities	**283,593**	**296,080**
Investing activities		
Acquisition of subsidiaries, net of cash acquired	—	(310,563)
Additions to intangible assets	(18,505)	(11,842)
Additions to property and equipment	(8,178)	(9,261)
Additions to deferred development costs	(39,033)	(16,190)
Net (purchase) sale of investments utilizing customer deposits	(2,043)	16,044
Settlement of minimum revenue guarantee	(675)	(2,713)
Net investments in associates	—	1,068
Other	(356)	(1,137)
Net cash outflows from investing activities	**(68,790)**	**(334,594)**
Financing activities		
Issuance of Common Shares	235,963	646,000
Transaction costs on issuance of Common Shares	—	(24,225)
Issuance of Common Shares in relation to stock options	1,784	27,627
Issuance of long-term debt	—	425,041
Repayment of long-term debt	(367,875)	(106,493)
Transaction costs on long-term debt	—	(23,061)
Repayment of lease liability principal	(8,064)	—
Interest paid	(142,285)	(66,278)
Acquisition of further interest in subsidiaries	—	(48,240)
Proceeds on loan issued to the holders of non-controlling interest	4,894	30,918
Net cash (outflows) inflows from financing activities	**(275,583)**	**861,289**
(Decrease) increase in cash and cash equivalents	(60,780)	822,775
Unrealized foreign exchange difference on cash and cash equivalents	5,571	(6,090)
Cash and cash equivalents – beginning of period	721,076	510,323
Cash and cash equivalents – end of period	**665,867**	**1,327,008**

Exhibit 99.2

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2019

August 12, 2019

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UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

In thousands of U.S. Dollars (except per share and share amounts)	Note	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018 †	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018 †
Revenue	4,5	637,618	411,512	1,218,002	804,403
Cost of revenue (excluding depreciation and amortization)	6	(173,910)	(83,637)	(336,546)	(163,901)
Gross profit (excluding depreciation and amortization)		**463,708**	**327,875**	**881,456**	**640,502**
General and administrative	6	(276,440)	(262,786)	(535,797)	(404,093)
Sales and marketing		(79,915)	(54,899)	(164,258)	(104,317)
Research and development		(13,398)	(9,126)	(25,909)	(17,161)
Operating income		**93,955**	**1,064**	**155,492**	**114,931**
Gain (loss) on re-measurement of deferred contingent payment	5,6	3,335	(3,697)	12,713	(3,697)
Gain on re-measurement of Embedded Derivative	5,6	12,200	—	34,800	—
Unrealized foreign exchange gain (loss) on financial instruments associated with financing activities	5,6	292	—	(1,340)	—
Other net financing charges	5,6	(84,072)	(156,663)	(161,395)	(195,014)
Net financing charges		**(68,245)**	**(160,360)**	**(115,222)**	**(198,711)**
Net earnings from associates		—	1,068	—	1,068
Earnings (loss) before income taxes		**25,710**	**(158,228)**	**40,270**	**(82,712)**
Income tax (expense) recovery	7	(21,081)	3,404	(7,983)	2,249
Net earnings (loss)		**4,629**	**(154,824)**	**32,287**	**(80,463)**
Net earnings (loss) attributable to					
Shareholders of The Stars Group Inc.		4,757	(153,645)	32,670	(78,194)
Non-controlling interest		(128)	(1,179)	(383)	(2,269)
Net earnings (loss)		**4,629**	**(154,824)**	**32,287**	**(80,463)**
Earnings (loss) per Common Share (U.S. dollars)					
Basic	8	$0.02	($1.01)	$0.12	($0.52)
Diluted	8	$0.02	($1.01)	$0.12	($0.52)
Weighted average Common Shares outstanding (thousands)					
Basic	8	281,689	152,788	277,557	150,523
Diluted	8	282,399	152,788	278,181	150,523

† The Corporation applied IFRS 16 from January 1, 2019. Consistent with the transition method chosen by the Corporation, comparative information has not been restated. See note 15.

See accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Three Months Ended June 30,		Six Months Ended June 30,	
In thousands of U.S. Dollars	Note	2019	2018 †	2019	2018 †
Net earnings (loss)		**4,629**	**(154,824)**	**32,287**	**(80,463)**
Items that are or may be reclassified to net earnings (loss)					
Debt instruments at FVOCI – changes in fair value *	13	288	435	937	(354)
Debt instruments at FVOCI – reclassified to net earnings (loss) *	13	62	35	(6)	42
Foreign operations – unrealized foreign currency translation differences		(107,387)	76,761	(11,364)	31,518
Cash flow hedges – effective portion of changes in fair value **	13	(63,368)	52,219	(44,458)	19,124
Cash flow hedges – reclassified to net earnings (loss) **	13	36,210	(47,707)	(6,347)	(9,491)
Other comprehensive (loss) income		(134,195)	81,743	(61,238)	40,839
Total comprehensive loss		**(129,566)**	**(73,081)**	**(28,951)**	**(39,624)**
Total comprehensive loss attributable to:					
Shareholders of The Stars Group Inc.		(129,197)	(71,902)	(28,565)	(37,355)
Non-controlling interest		(369)	(1,179)	(386)	(2,269)
Total comprehensive loss		**(129,566)**	**(73,081)**	**(28,951)**	**(39,624)**

† The Corporation applied IFRS 16 from January 1, 2019. Consistent with the transition method chosen by the Corporation, comparative information has not been restated. See note 15.

* For debt instruments measured at fair value through other comprehensive income (“FVOCI”), the amounts are presented net of aggregate income tax of $120,000 and $169,000 for the three and six months ended June 30, 2019, respectively (2018 - net of income tax recovery of $517,000 for both periods).

** For other comprehensive income in relation to cash flow hedges, the amounts are presented net of aggregate income tax of $nil for each of the three and six months ended June 30, 2019 (2018 - net of income tax of $nil for both periods).

See accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In thousands of U.S. Dollars	Note	As at June 30, 2019	As at December 31, 2018 †
ASSETS			
Current assets			
Cash and cash equivalents - operational		339,239	392,853
Cash and cash equivalents - customer deposits		326,628	328,223
Total cash and cash equivalents		665,867	721,076
Restricted cash advances and collateral		9,239	10,819
Prepaid expenses and other current assets		45,296	43,945
Current investments - customer deposits		105,196	103,153
Accounts receivable		121,190	136,347
Income tax receivable		25,074	26,085
Total current assets		**971,862**	**1,041,425**
Non-current assets			
Restricted cash advances and collateral		10,677	10,630
Prepaid expenses and other non-current assets		31,605	32,760
Non-current accounts receivable		15,418	14,906
Property and equipment	15	139,532	85,169
Income tax receivable		24,686	15,611
Deferred income taxes	7	8,405	1,775
Derivatives	10	62,518	54,583
Intangible assets		4,590,758	4,742,699
Goodwill		5,256,819	5,265,980
Total non-current assets		**10,140,418**	**10,224,113**
Total assets		**11,112,280**	**11,265,538**
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities		439,349	424,007
Customer deposits		421,084	423,739
Current provisions	11	29,556	39,189
Derivatives	10	10,051	16,493
Income tax payable		60,419	72,796
Current portion of lease liability	15	18,764	—
Current portion of long-term debt	9	35,750	35,750
Total current liabilities		**1,014,973**	**1,011,974**
Non-current liabilities			
Lease liability	15	44,121	—
Long-term debt	9	5,053,165	5,411,208
Long-term provisions	11	3,637	4,002
Derivatives	10	40,675	6,068
Other long-term liabilities		—	79,716
Income tax payable		11,659	18,473
Deferred income taxes	7	574,392	580,697
Total non-current liabilities		**5,727,649**	**6,100,164**
Total liabilities		**6,742,622**	**7,112,138**
EQUITY			
Share capital	12	4,355,902	4,116,287
Reserves	13	(525,270)	(469,629)
Retained earnings		535,431	502,761
Equity attributable to the Shareholders of The Stars Group Inc.		**4,366,063**	**4,149,419**
Non-controlling interest		3,595	3,981
Total equity		**4,369,658**	**4,153,400**
Total liabilities and equity		**11,112,280**	**11,265,538**

† The Corporation applied IFRS 16 from January 1, 2019. Consistent with the transition method chosen by the Corporation, comparative information has not been restated. See note 15.

See accompanying notes.

Approved and authorized for issue on behalf of the Board on August 12, 2019.

(Signed) *"Divyesh (Dave) Gadhia"*, Director

(Signed) *"David Lazzarato"*, Director

Divyesh (Dave) Gadhia,
Executive Chairman of the Board

David Lazzarato,
Chairman of the Audit Committee of the Board

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2019 and 2018:

In thousands of U.S. Dollars, except share numbers	Share Capital								
	Common Shares number	**Preferred Shares number**	**Common Shares amount**	**Preferred Shares amount**	**Reserves (note 13)**	**Retained earnings**	**Equity attributable to the Shareholders of The Stars Group Inc.**	**Non-controlling interest**	**Total equity**
Balance – January 1, 2018	**147,947,874**	**1,139,249**	**1,199,834**	**684,385**	**(142,127)**	**605,213**	**2,347,305**	**33**	**2,347,338**
Net loss	—	—	—	—	—	(78,194)	**(78,194)**	(2,269)	**(80,463)**
Other comprehensive income	—	—	—	—	40,839	—	**40,839**	—	**40,839**
Total comprehensive income (loss)	—	—	—	—	40,839	(78,194)	**(37,355)**	(2,269)	**(39,624)**
Issue of Common Shares in relation to stock options and equity awards	1,599,883	—	33,891	—	(6,264)	—	**27,627**	—	**27,627**
Conversion of Preferred Shares to Common Shares	8,013,887	(152,698)	114,897	(114,897)	—	—	**—**	—	**—**
Issue of Common Shares in connection with acquired subsidiary	3,115,344	—	96,434	—	—	—	**96,434**	—	**96,434**
Issue of Common Shares in connection with equity offering	17,000,000	—	621,775	—	—	—	**621,775**	—	**621,775**
Issue of Common Shares in connection with exercised warrants	2,422,944	—	14,688	—	(14,688)	—	**—**	—	**—**
Stock-based compensation	—	—	—	—	5,648	—	**5,648**	—	**5,648**
Reversal of deferred tax on stock-based compensation	—	—	—	—	(359)	—	**(359)**	—	**(359)**
Equity fees	—	—	(2,393)	—	—	—	**(2,393)**	—	**(2,393)**
Reversal of 2014 deferred tax	—	—	(3,748)	—	—	—	**(3,748)**	—	**(3,748)**
Acquisition of non-controlling interest in subsidiary	—	—	—	—	(220,029)	—	**(220,029)**	45,743	**(174,286)**
Balance – June 30, 2018	**180,099,932**	**986,551**	**2,075,378**	**569,488**	**(336,980)**	**527,019**	**2,834,905**	**43,507**	**2,878,412**
Balance – January 1, 2019 †	**273,177,244**	**—**	**4,116,287**	**—**	**(469,629)**	**502,761**	**4,149,419**	**3,981**	**4,153,400**
Net earnings (loss)	—	—	—	—	—	32,670	**32,670**	(383)	**32,287**
Other comprehensive loss	—	—	—	—	(61,235)	—	**(61,235)**	(3)	**(61,238)**
Total comprehensive (loss) income	—	—	—	—	(61,235)	32,670	**(28,565)**	(386)	**(28,951)**
Issue of Common Shares in relation to stock options and equity awards (note 12)	185,660	—	3,652	—	(1,868)	—	**1,784**	—	**1,784**
Stock-based compensation	—	—	—	—	7,462	—	**7,462**	—	**7,462**
Issue of Common Shares to FOX (note 12)	14,352,331	—	235,963	—	—	—	**235,963**	—	**235,963**
Balance – June 30, 2019	**287,715,235**	**—**	**4,355,902**	**—**	**(525,270)**	**535,431**	**4,366,063**	**3,595**	**4,369,658**

† The Corporation applied IFRS 16 from January 1, 2019. Consistent with the transition method chosen by the Corporation, comparative information has not been restated. See note 15.

See accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of U.S. Dollars	Note	Six Months Ended June 30, 2019	2018 †
Operating activities			
Net earnings (loss)		32,287	(80,463)
Add (deduct):			
Income tax expense (recovery) recognized in net earnings (loss)		7,983	(2,249)
Net financing charges	6	115,222	198,710
Depreciation and amortization	6	218,375	83,843
Stock-based compensation	13	7,462	5,948
Unrealized loss on foreign exchange		656	68,996
Unrealized gain on investments		(485)	(164)
Impairment of property and equipment and intangible assets	6	2,652	1,074
Net earnings from associates		—	(1,068)
Realized (gain) loss on current investments and promissory note		(292)	28
Income taxes paid		(46,512)	(15,772)
Changes in non-cash operating elements of working capital		(57,433)	18,525
Customer deposit liability movement		2,346	13,901
Other		1,332	4,771
Net cash inflows from operating activities		**283,593**	**296,080**
Investing activities			
Acquisition of subsidiaries, net of cash acquired	3	—	(310,563)
Additions to intangible assets		(18,505)	(11,842)
Additions to property and equipment		(8,178)	(9,261)
Additions to deferred development costs		(39,033)	(16,190)
Net (purchase) sale of investments utilizing customer deposits		(2,043)	16,044
Settlement of minimum revenue guarantee		(675)	(2,713)
Net investments in associates		—	1,068
Other		(356)	(1,137)
Net cash outflows from investing activities		**(68,790)**	**(334,594)**
Financing activities			
Issuance of Common Shares	12	235,963	646,000
Transaction costs on issuance of Common Shares		—	(24,225)
Issuance of Common Shares in relation to stock options	12	1,784	27,627
Issuance of long-term debt		—	425,041
Repayment of long-term debt	9	(367,875)	(106,493)
Transaction costs on long-term debt		—	(23,061)
Repayment of lease liability principal		(8,064)	—
Interest paid		(142,285)	(66,278)
Acquisition of further interest in subsidiaries		—	(48,240)
Proceeds on loan issued to the holders of non-controlling interest		4,894	30,918
Net cash (outflows) inflows from financing activities		**(275,583)**	**861,289**
(Decrease) increase in cash and cash equivalents		(60,780)	822,775
Unrealized foreign exchange difference on cash and cash equivalents		5,571	(6,090)
Cash and cash equivalents – beginning of period		721,076	510,323
Cash and cash equivalents – end of period		**665,867**	**1,327,008**

† The Corporation applied IFRS 16 from January 1, 2019. Consistent with the transition method chosen by the Corporation, comparative information has not been restated. See note 15.

See accompanying notes.

1. NATURE OF BUSINESS

The Stars Group Inc. (“The Stars Group” or the “Corporation”) is a global leader in the online and mobile gaming and interactive entertainment industries, entertaining millions of customers across its online real- and play-money poker, gaming and betting product offerings. The Stars Group offers these products directly or indirectly under several ultimately owned or licensed gaming and related consumer businesses and brands, including, among others, *PokerStars*, *PokerStars Casino*, *BetStars*, *Full Tilt*, *FOX Bet*, *BetEasy*, *Sky Bet*, *Sky Vegas*, *Sky Casino*, *Sky Bingo*, *Sky Poker*, and *Oddschecker*, as well as live poker tour and events brands, including the *PokerStars Players No Limit Hold’em Championship*, *European Poker Tour*, *PokerStars Caribbean Adventure*, *Latin American Poker Tour*, *Asia Pacific Poker Tour*, *PokerStars Festival* and *PokerStars MEGASTACK*. The Stars Group is one of the world’s most licensed online gaming operators with its subsidiaries collectively holding licenses or approvals in 21 jurisdictions throughout the world, including in Europe, Australia and the Americas.

The Stars Group’s primary business and main source of revenue is its online gaming businesses. These currently consist of the operations of Stars Interactive Holdings (IOM) Limited and its subsidiaries and affiliates (collectively, “Stars Interactive Group”), which it acquired in August 2014, the operations of Cyan Blue Topco Limited and its subsidiaries and affiliates (collectively, “Sky Betting & Gaming” or “SBG”), which it acquired in July 2018 (the “SBG Acquisition”), and the operations of TSG Australia Pty Ltd and its subsidiaries and affiliates (collectively, “BetEasy”), in which it acquired an 80% equity interest in between February 2018 and April 2018 (BetEasy acquired what was formally the William Hill Australia business in April 2018) (collectively, the “Australian Acquisitions”). With certain exceptions, The Stars Interactive Group is headquartered in the Isle of Man and Malta and operates globally; SBG is headquartered in and primarily operates in the United Kingdom; and BetEasy is headquartered in and primarily operates in Australia.

As at June 30, 2019, The Stars Group had three reportable segments, the international business (“International”), the United Kingdom business (“United Kingdom”) and the Australian business (“Australia”), each as described below, as well as a corporate cost center (“Corporate”). There are up to four major lines of operations within the Corporation’s reportable segments, as applicable: real-money online poker (“Poker”), real-money online betting (“Betting”), real-money online casino gaming and bingo (collectively, “Gaming”), and other gaming-related revenue, including, without limitation, from social and play-money gaming, live poker events, branded poker rooms, Oddschecker and other nominal sources of revenue (collectively, “Other”). As it relates to these lines of operations, online revenue includes revenue generated through the Corporation’s online, mobile and desktop client platforms and applications, as applicable.

The International segment currently includes the Stars Interactive Group business, and operates across all lines of operations and in various jurisdictions around the world, including the United Kingdom; the United Kingdom segment currently consists of the business operations of Sky Betting & Gaming, including those outside of the United Kingdom, and operates across all lines of operations primarily in the United Kingdom; and the Australia segment currently consists of the business operations of BetEasy, and operates primarily within the Betting line of operation and primarily in Australia.

The Stars Group was incorporated on January 30, 2004 under the Companies Act (Quebec) and continued under the Business Corporations Act (Ontario) on August 1, 2017. The registered head office is located at 200 Bay Street, South Tower, Suite 3205, Toronto, Ontario, Canada, M5J 2J3 and its common shares (“Common Shares”) are listed on the Toronto Stock Exchange (the “TSX”) under the symbol “TSGI”, and the Nasdaq Global Select Market (“Nasdaq”) under the symbol “TSG”.

For reporting purposes, the Corporation prepares its unaudited interim condensed consolidated financial statements in U.S. dollars. Unless otherwise indicated, all dollar (“$”) amounts and references to “USD” or “USD $” in these unaudited interim condensed consolidated financial statements are expressed in U.S. dollars. References to ‘‘EUR’’ or “€” are to European Euros, references to ‘‘CDN’’ or “CDN $” are to Canadian dollars, references to “GBP” or “£” are to British Pound Sterling and references to “AUD” or “AUD $” are to Australian dollars. Unless otherwise indicated, all references to a specific “note” refer to these notes to the unaudited interim condensed consolidated financial statements of the Corporation for the three and six months ended June 30, 2019. References to “IFRS” and “IASB” are to International Financial Reporting Standards and the International Accounting Standards Board, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34—Interim Financial Reporting as issued by the IASB, and do not include all the information required for full annual consolidated financial statements. Except as described below, the accounting policies and methods of computation applied in these unaudited interim condensed consolidated financial statements and related notes contained therein are consistent with those applied by the Corporation in its audited consolidated financial statements as at and for the year ended December 31, 2018 (the "2018 Financial Statements"). These unaudited interim condensed consolidated financial statements should be read in conjunction with the 2018 Financial Statements.

On January 1, 2019, the Corporation adopted the provisions in IFRS 16, *Leases* ("IFRS 16") and International Financial Reporting Interpretations Committee ("IFRIC") 23, *Uncertainty over Income Tax Treatments* ("IFRIC 23"). See note 15. Changes to significant accounting policies in relation to these adoptions are detailed below. The Corporation also expects to reflect these changes in accounting policies in its audited consolidated financial statements as at and for the year ended December 31, 2019.

New significant accounting policies

IFRS 16, *Leases*

The Corporation adopted IFRS 16 effective January 1, 2019. See note 15. In preparation for the first-time application of IFRS 16, the Corporation carried out an implementation project, which has shown that the new definition in IFRS 16 will not significantly change the scope of the Corporation's contracts that meet the definition of a lease.

IFRS 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease requirements and adding a requirement to recognize a right-of-use asset and a lease liability at the commencement of all leases except short-term leases and leases of low-value assets for which the election to recognize a lease expense on a straight-line basis has been applied. The requirements for lessor accounting have remained substantially unchanged. The Corporation applied IFRS 16 using the modified retrospective approach, with right-of-use assets being measured at an amount equal to the lease liability, adjusted for any amount of applicable prepaid or accrued lease payments recognized on the statement of financial position as at December 31, 2018. As a result, there was no restatement of the comparative period. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for applicable consideration.

The Corporation applied the following transitional-related elections available upon transition to IFRS 16:

- Hindsight in the determination of right-of-use assets and lease liabilities on transition;
- Reliance on the assessment of whether leases are onerous by applying IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review;
- Exclusion of initial direct costs from the measurement of right-of-use assets on transition; and
- No recognition of right-of-use assets and lease liabilities for leases expiring within 12 months of adoption of IFRS 16.

The Corporation as a Lessee

The Corporation assesses whether a contract is or contains a lease at the inception of the applicable contract. IFRS 16 changes how the Corporation accounts for leases that it otherwise would have previously classified as operating leases under IAS 17, *Leases* ("IAS 17"). Under IFRS 16, for all leases except as noted above, the Corporation:

a) Recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position, initially measured at the present value of future lease payments;
b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss as part of general and administrative expense and other interest expense within net financing charges, respectively; and
c) Separates the total amount of cash payments in relation to lease liabilities into a principal portion and interest (each presented within financing activities) in the consolidated statement of cash flows.

Lease incentives are recognized as part of the measurement of right-of-use assets and as part of lease liabilities, except if received prior to lease commencement, while under IAS 17 they resulted in the recognition of a lease incentive liability, and were amortized as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*, which replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, such as personal computers and office furniture, the Corporation has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

The lease liability is initially measured at the present value of the future lease payments, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Corporation uses its incremental borrowing rate at the lease commencement date.

The Corporation subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

Lease payments included in the measurement of the lease liability include:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate initially measured using the index or rate at the commencement date;
- Amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease includes an option to terminate the lease.

The Corporation remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement of the lease, and any initial costs. They are then subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability or right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers such payments occurs.

As a practical expedient, IFRS 16 permits a lessee to account for any lease and associated non-lease components as a single arrangement instead of separating the non-lease components. The Corporation has applied this practical expedient.

The Corporation as a Lessor

The Corporation does not currently have any material contracts where the Corporation acts as a lessor.

IFRIC 23, *Uncertainty over Income Tax Treatments*

The Corporation adopted IFRIC 23 effective January 1, 2019. Where uncertain tax treatments exist, the Corporation assesses whether it is probable that a tax authority will accept the uncertain tax treatment applied or proposed to be applied in its income tax filings. The Corporation assesses for each uncertain tax treatment whether it should be considered independently or whether some tax treatments should be considered together based on what the Corporation believes provides a better prediction of the resolution of the uncertainty. The Corporation considers whether it is probable that the relevant authority will accept each uncertain tax treatment, or group of uncertain tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. The adoption of the interpretation did not have a material impact on the unaudited interim condensed consolidated financial statements.

IFRS 2, *Share-based Payment*

For share-based payment transactions that may be settled in cash on the occurrence of a contingent event which is in the control of neither the Corporation nor the counterparty to the payment (“Contingently cash-settled share-based payments”), the Corporation applies the “probable” approach. Under this approach, the share-based payment is classified as either cash-settled or equity-settled in its entirety depending on which outcome is probable at each reporting date. Any change in the probable method of settlement is treated as a change in accounting estimate, with the cumulative expense updated to reflect the appropriate charge for the method of settlement now considered probable.

Key sources of estimation uncertainty

Determining the carrying amounts of some assets and liabilities requires estimation of the effects of uncertain future events on those assets and liabilities at the end of the reporting period. The following discussion sets forth key sources of estimation uncertainty at the end of the reporting period that management believes have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Goodwill impairment

At least annually, the Corporation tests whether goodwill is subject to any impairment in accordance with the applicable accounting policy set forth in note 2 of the 2018 Financial Statements. The Corporation completed its annual goodwill impairment testing as at December 31, 2018.

The recoverable amount for any cash-generating unit (“CGU”) or group of CGUs is determined based on the higher of fair value less costs to sell and value in use. Both valuation approaches require management to use judgments and estimates. Goodwill impairment exists when the carrying value of a CGU or group of CGUs exceeds its recoverable amount. Estimates used in determining the recoverable amount include but are not limited to expected cash flows, growth rates, capital expenditures and discount rates. A change in future earnings or any other assumptions may have a material impact on the fair value of a CGU or group of CGUs, and could result in an impairment loss. See note 11 of the 2018 Financial Statements.

Valuation of deferred contingent payment on acquisition of non-controlling interest

As part of the previously disclosed incremental acquisition of an 18% equity interest in BetEasy, the holders of the non-controlling interest in BetEasy will be entitled to an additional payment of up to AUD $232 million in 2020, subject to certain performance conditions primarily related to its EBITDA, and payable in cash and/or additional Common Shares at The Stars Group’s discretion. The Corporation considered this additional payment to be a contingent consideration and accounted for it as part of the purchase price related to the acquisition of the 18% equity interest in BetEasy. The deferred contingent payment is subsequently recorded at fair value at each balance sheet date, with re-measurements recorded within net financing charges. In valuing the deferred contingent payment as at June 30, 2019, the Corporation used a discount rate of 9.5% (December 31, 2018 - 10.5%), considering the term of the deferred contingent payment period and credit risk. The Corporation applied a volatility of historical EBITDA for comparable companies of 22.5% (December 31, 2018 - 25.0%), which was based on historical performance and market indicators. See notes 3 and 14.

Uncertain tax treatments

Determining the Corporation’s income tax and its provisions for income taxes involves a significant degree of estimation and judgment, particularly in respect of open tax returns relating to prior years where the liabilities remain to be agreed with the local tax authorities. The Corporation is also subject to tax audits and has a number of open tax inquiries. As a result, it has recognized a number of provisions against uncertain tax positions based on management’s best estimate of the outcome after taking into consideration all available evidence, and where appropriate, after taking external advice. The tax provisions recorded in the Corporation’s unaudited interim condensed consolidated financial statements in respect of prior years relate to intercompany trading and financing arrangements entered into in the normal course of business and tax audits that are currently in progress with fiscal authorities. Due to the uncertainty associated with such tax items it is possible that at a future date, on resolution of the open tax matters, the final outcome may vary significantly and there is the potential for a material adjustment to the carrying amounts of the liability recorded as a result of this estimation uncertainty.

Critical accounting estimates and judgments

The preparation of the Corporation’s unaudited interim condensed consolidated financial statements requires management to make estimates and assumptions concerning the future. It also requires management to exercise its judgment in applying the Corporation’s accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience, general economic conditions, and trends and other factors, including expectations of future events.

Estimates and their underlying assumptions are reviewed on a regular basis and the effects of any changes are recognized immediately. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the unaudited interim condensed consolidated financial statements and actual results could differ from the Corporation’s estimates.

The following discussion sets forth for the three and six months ended June 30, 2019 what management believes to be the most significant estimates and assumptions in determining the value of assets and liabilities and the most significant judgments in applying the Corporation’s accounting policies.

Deferred contingent payments

Management makes judgments and estimates in determining the value of deferred contingent payments that should be recorded as part of the consideration on the date of acquisition and changes in deferred contingent payments payable in subsequent reporting periods. The deferred contingent payment relating to the incremental acquisition of an 18% equity interest in BetEasy is discussed above in key sources of estimation uncertainty and in notes 3 and 14.

Useful lives of long-lived assets

Estimates are used for each component of an asset's useful life and are based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and, in the case of intangible assets, where applicable, contractual provisions that enable the renewal or extension of the asset's legal or contractual life without substantial cost, as well as renewal history or the expected period of future benefit of the intangible asset. Incorrect estimates of useful lives could result in an increase or decrease in the annual amortization expense and future impairment charges.

Valuation of embedded derivatives

The Senior Notes (as defined below) include certain embedded features allowing the Corporation to redeem the Senior Notes or allowing the holders to require a redemption of the Senior Notes. As previously disclosed, these features were bifurcated from the carrying value of the Senior Notes. Management used estimates, including an implied credit spread of 3.4% as at June 30, 2019 (December 31, 2018 - 4.6%), in determining the fair value of the Embedded Derivative (as defined below). See notes 10 and 14.

Contingent liabilities

The Corporation reviews its legal proceedings following developments in the same at each balance sheet date, considering, among other things: the nature of the litigation, claim or assessment; the legal processes and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought; the progress of the case (including progress after the date of the consolidated financial statements but before those statements are issued); the opinions or views of legal counsel and other advisors; experience of similar cases; and any decision of the Corporation's management as to how it will respond to the litigation, claim or assessment. The Corporation assesses the probability of an outflow of resources to settle the alleged obligation as well as if the outflow can be reliably measured. If these conditions are not met, no provision will be recorded and the relevant facts will be disclosed as a contingent liability. To the extent that the Corporation's assessments at any time do not reflect subsequent developments or the eventual outcome of any claim, its future consolidated financial statements may be materially affected, with a favorable or adverse impact on the Corporation's business, financial condition or results of operations.

Determination of lease term

The Corporation's lease portfolio includes contracts with extension and termination options. These terms are used to maximize operational flexibility with respect to managing such contracts.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Corporation reviews the applicable assessment if a significant event or a significant change in circumstances occurs which affects the assessment and that is within the control of the lessee. If the Corporation exercises an extension option (or elects not to exercise a termination option) that was not included in the lease term, this would result in an increase to the right of use asset and lease liability. As at June 30, 2019, the weighted average remaining life of the Corporation's leases is 4.66 years.

FOX equity option

On May 8, 2019, the Corporation entered into a commercial agreement with FOX Sports (as defined below). See note 16 for additional details of the agreement. Prior to the tenth anniversary of the commercial agreement, and subject to certain conditions and applicable gaming regulatory approvals, FOX Sports has the right to acquire up to a 50% equity stake in the Corporation's U.S. business. In accordance with IFRS 2, *Share-based payment* ("IFRS 2"), based on the judgment of the Corporation's management, this right granted to FOX Sports is considered a contingently cash-settled share-based payment because FOX Sports, subject to receiving regulatory approvals and meeting certain other conditions, has discretion to exercise the right. During the three and six months ended June 30, 2019, the Corporation recorded $3.0 million to sales and marketing expense in relation to the commercial agreement.

Management has made certain judgments in the recognition and measurement of liabilities in relation to this commercial agreement and associated right of FOX Sports to acquire equity, including its estimate as to the probable method of settlement. The right has been valued using a discounted cash flow model and as it represents a contingently cash-settled share-based payment, will be recorded at fair value each reporting period.

3. ACQUISITION OF SUBSIDIARIES

BetEasy

On February 27, 2018, a subsidiary of the Corporation acquired a 62% controlling equity interest in BetEasy for a purchase price of $117.7 million. Accordingly, the Corporation acquired $58.8 million of identifiable net assets, including $102.4 million of intangible assets, of which it recognized a non-controlling interest of $1.0 million in relation to the acquired identifiable net assets. The Corporation also recognized $59.9 million of goodwill in connection with the same.

On April 24, 2018, the same subsidiary of the Corporation acquired an additional 18% interest in BetEasy for a purchase price of $229.2 million. Included in the purchase price was a deferred contingent payment, which is included in other long-term liabilities in the unaudited interim condensed consolidated statements of financial position. See note 14 for details regarding the valuation of the deferred contingent payment. The acquisition of the additional equity interest in BetEasy had no impact on the fair values of the goodwill and intangible assets acquired on February 27, 2018; however, the excess of the purchase price compared to the carrying value of the 18% non-controlling interest was recognized directly in equity as acquisition reserve.

During the three months ended March 31, 2019, the Corporation finalized the purchase price allocation in relation to this acquisition and did not record any adjustments.

Also in connection with the acquisition of the additional 18% interest in BetEasy, a subsidiary of the Corporation entered into a non-controlling interest put-call option in relation to the 20% interest in BetEasy held by its minority interest shareholders, with an exercise price based on certain future operating performance conditions of the acquired business. This was determined to be a non-controlling interest put-call option with a variable settlement amount that can be settled in either cash or shares or a combination of both, and because the put-call option does not clearly grant the Corporation with present access to returns associated with the remaining 20% ownership interest, the Corporation recognized this put-call option as a net liability derivative. As at each of the acquisition date and June 30, 2019, the Corporation determined that the fair value of this non-controlling interest derivative was $nil.

Former William Hill Australia Business

On April 24, 2018, BetEasy acquired 100% of the former William Hill Australia business for a purchase price of $241.2 million. Accordingly, the Corporation acquired $162.5 million of identifiable net assets, including $267.3 million of intangible assets. The Corporation recognized $78.7 million of goodwill in connection with the same.

During the three months ended March 31, 2019, the Corporation recorded an adjustment to increase the acquired financial liabilities by $0.4 million with a corresponding increase to the goodwill recognized. The comparative unaudited interim condensed consolidated statement of financial position has not been restated to reflect this adjustment. During the three months ended June 30, 2019, the Corporation finalized the purchase price allocation in relation to this acquisition and did not record any further adjustments.

SBG

On July 10, 2018, the Corporation completed the SBG Acquisition, acquiring 100% of SBG for a purchase price of $3.24 billion. Accordingly, the Corporation acquired $808.7 million of identifiable net assets, including $3.04 billion of intangible assets. The Corporation recognized $2.43 billion of goodwill in connection with the same.

The Corporation has not completed its assessment or valuation of certain assets acquired and liabilities assumed in connection with this acquisition. Therefore, the information disclosed above and in the 2018 Financial Statements is completed on a provisional basis and is subject to change based on further review of assumptions and if any new information is obtained about facts and circumstances that existed as of the acquisition date. The Corporation did not record any adjustments to the provisional purchase price allocation during the six months ended June 30, 2019.

4. REVENUE

The Corporation recognized the following amounts in the unaudited interim condensed consolidated statements of earnings:

In thousands of U.S. Dollars	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Poker revenue	194,210	216,986	411,649	462,856
Gaming revenue	196,891	101,941	386,102	208,651
Betting revenue	227,953	80,912	383,619	108,723
Other revenue from customers	18,408	18,837	34,214	28,042
Other sources of revenue	156	(7,164)	2,418	(3,869)
Total revenue	**637,618**	**411,512**	**1,218,002**	**804,403**

Revenue from contracts with customers have not been further disaggregated as the nature of the revenue streams, contract duration and timing of transfer of services are all largely homogeneous. For further information regarding revenue, including segment revenue by major line of operations and geographic region, see note 5.

5. SEGMENTAL INFORMATION

Segments are reported in a manner consistent with the internal reporting provided to the Corporation's Chief Operating Decision Maker ("CODM"). The Corporation's CODM consists of its Chief Executive Officer, Chief Financial Officer and Chief Corporate Development Officer, as this group is responsible for allocating resources to, and assessing the performance of, the operating segments of the Corporation. The segmentation reflects the way the CODM evaluates performance of, and allocates resources within, the business.

The CODM considers the Corporation's business from both a geographic and product offering or lines of operation perspective. For the three and six months ended June 30, 2019 and 2018, the Corporation had three reportable segments, as applicable: International, United Kingdom and Australia, as well as a Corporate cost center. Revenue within these operating segments is further divided into the Poker, Gaming, Betting and Other lines of operation, as applicable. The CODM receives geographic and lines of operation revenue information throughout the year for the purpose of assessing their respective performance. Certain costs are included in Corporate. "Corporate" in itself is not a reporting segment, but it comprises costs that are not directly allocable to any of the operating segments or relate to a corporate function (i.e., tax and treasury).

Further, each reporting segment incurs certain costs, which are not segregated among major lines of operations within each reporting segment as they share the same office infrastructure, workforce and administrative resources. The Corporation cannot develop or produce reports that provide the true costs by major lines of operations within each reporting segment without unreasonable effort or expense.

The primary measure used by the CODM for the purpose of decision making and/or evaluation of a segment is Adjusted EBITDA. The Corporation defines Adjusted EBITDA as net earnings before financial expenses, income tax expense (recovery), depreciation and amortization, stock-based compensation, restructuring, net earnings (loss) on associate and certain other items as set out in the reconciliation table below.

However, the CODM also uses other key measures as inputs, including, without limitation, revenue and capital expenditures, to supplement the decision-making process.

Segmental information for the three months ended June 30, 2019 and June 30, 2018:

In thousands of U.S. Dollars	Three Months Ended June 30, 2019					
	International	United Kingdom	Australia	Corporate	Intercompany eliminations *	Consolidated
Revenue	321,872	252,876	64,070	—	(1,200)	637,618
Poker	191,496	2,714	—	—	—	194,210
Gaming	104,300	92,591	—	—	—	196,891
Betting	18,284	146,443	63,226	—	—	227,953
Other	7,792	11,128	844	—	(1,200)	18,564
Adjusted EBITDA (**)	143,223	101,053	7,192	(14,734)	—	236,734
Net financing charges	—	—	—	68,245	—	68,245
Depreciation and amortization	39,377	60,146	9,404	154	—	109,081
Capital expenditures	23,745	7,383	5,859	2	—	36,989

In thousands of U.S. Dollars	Three Months Ended June 30, 2018 ***					
	International	United Kingdom	Australia	Corporate	Intercompany eliminations	Consolidated
Revenue	350,235	—	61,277	—	—	411,512
Poker	216,986	—	—	—	—	216,986
Gaming	101,941	—	—	—	—	101,941
Betting	19,635	—	61,277	—	—	80,912
Other	11,673	—	—	—	—	11,673
Adjusted EBITDA (**)	164,467	—	13,489	(9,685)	—	168,271
Net financing charges	—	—	—	160,360	—	160,360
Depreciation and amortization	35,987	—	8,588	10	—	44,585
Capital expenditures	21,214	—	3,548	88	—	24,850

* The Corporation excluded from its consolidated revenue $1.2 million of Other revenue included in the United Kingdom segment related to certain non-gaming related transactions with the International segment. A corresponding exclusion is recorded in sales and marketing expense in the International segment.
** Adjusted EBITDA is used internally by the CODM when analyzing underlying segment performance.
*** The Corporation recorded an immaterial reclassification for the three months ended June 30, 2018 of $0.2 million resulting in an increase to Adjusted EBITDA reported for the International segment and a corresponding decrease of the same amount to Adjusted EBITDA for the Corporate cost center.

Segmental information for the six months ended June 30, 2019 and June 30, 2018:

In thousands of U.S. Dollars	Six Months Ended June 30, 2019					
	International	United Kingdom	Australia	Corporate	Intercompany eliminations *	Consolidated
Revenue	662,485	431,973	126,244	—	(2,700)	1,218,002
Poker	405,645	6,004	—	—	—	411,649
Gaming	203,208	182,894	—	—	—	386,102
Betting	38,333	220,940	124,346	—	—	383,619
Other	15,299	22,135	1,898	—	(2,700)	36,632
Adjusted EBITDA (**)	302,563	143,272	15,822	(29,568)	—	432,089
Net financing charges	—	—	—	115,222	—	115,222
Depreciation and amortization	77,356	121,817	18,846	356	—	218,375
Capital expenditures	40,225	15,183	10,250	58	—	65,716

In thousands of U.S. Dollars	Six Months Ended June 30, 2018 ***					
	International	United Kingdom	Australia	Corporate	Intercompany eliminations	Consolidated
Revenue	732,001	—	72,402	—	—	804,403
Poker	462,856	—	—	—	—	462,856
Gaming	208,651	—	—	—	—	208,651
Betting	36,321	—	72,402	—	—	108,723
Other	24,173	—	—	—	—	24,173
Adjusted EBITDA (**)	350,874	—	12,643	(20,224)	—	343,293
Net financing charges	—	—	—	198,711	—	198,711
Depreciation and amortization	73,956	—	9,868	19	—	83,843
Capital expenditures	32,489	—	4,658	146	—	37,293

* The Corporation excluded from its consolidated revenue $2.7 million of Other revenue included in the United Kingdom segment related to certain non-gaming related transactions with the International segment. A corresponding exclusion is recorded in sales and marketing expense in the International segment.

** Adjusted EBITDA is used internally by the CODM when analyzing underlying segment performance.

*** The Corporation recorded an immaterial reclassification for the six months ended June 30, 2018 of $0.1 million resulting in an increase to Adjusted EBITDA reported for the International segment and a corresponding decrease of the same amount to Adjusted EBITDA for the Corporate cost center.

A reconciliation of Adjusted EBITDA to Net earnings is as follows:

In thousands of U.S. Dollars	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Consolidated				
Adjusted EBITDA	236,734	168,271	432,089	343,293
Add (deduct) the impact of the following:				
Acquisition-related costs and deal contingent forwards	—	(95,627)	—	(110,818)
Stock-based compensation	(4,726)	(3,265)	(7,462)	(5,648)
Gain (loss) from investments	326	265	393	(247)
Impairment of property and equipment and intangible assets	(2,498)	(959)	(2,652)	(1,074)
Other costs	(26,800)	(23,036)	(48,501)	(26,732)
Total adjusting items	**(33,698)**	**(122,622)**	**(58,222)**	**(144,519)**
Depreciation and amortization	(109,081)	(44,585)	(218,375)	(83,843)
Operating income	**93,955**	**1,064**	**155,492**	**114,931**
Net financing charges	(68,245)	(160,360)	(115,222)	(198,711)
Net earnings from associates	—	1,068	—	1,068
Earnings (loss) before income taxes	**25,710**	**(158,228)**	**40,270**	**(82,712)**
Income tax (expense) recovery	(21,081)	3,404	(7,983)	2,249
Net earnings (loss)	**4,629**	**(154,824)**	**32,287**	**(80,463)**

The distribution of the Corporation’s assets by reporting segment is as follows:

In thousands of U.S. Dollars	International	United Kingdom	Australia	Corporate	Total
Total assets as at June 30, 2019	5,187,887	5,317,062	504,819	102,512	11,112,280
Total assets as at December 31, 2018	5,248,115	5,430,110	510,805	76,508	11,265,538

The distribution of some of the Corporation’s non-current assets (goodwill, intangible assets and property and equipment) by geographic region is as follows:

In thousands of U.S. Dollars	As at June 30, 2019	As at December 31, 2018
Geographic Area		
Canada	79,390	66,830
United Kingdom	5,090,107	5,191,994
Isle of Man	4,196,203	4,346,599
Australia	452,902	456,422
Malta	122,365	7,469
Other licensed or approved jurisdictions	46,142	24,534
	9,987,109	**10,093,848**

The Corporation also evaluates revenue performance by geographic region based on the primary jurisdiction where the Corporation is licensed or approved to offer, or offers through third-party licenses or approvals, its products and services. The following tables set out the proportion of revenue attributable to each gaming license or approval (as opposed to the jurisdiction where the customer was located) that either generated a minimum of 5% of total consolidated revenue for the three or six months ended June 30, 2019 or 2018, or that the Corporation otherwise deems relevant based on its historical reporting of the same or otherwise:

In thousands of U.S. Dollars	Three Months Ended June 30, 2019				
	International	United Kingdom	Australia	Intercompany eliminations *	Total
Geographic Area					
United Kingdom	21,765	239,330	—	(1,200)	259,895
Malta	138,354	—	—	—	138,354
Australia	—	65	64,070	—	64,135
Isle of Man	22,414	—	—	—	22,414
Italy	39,780	155	—	—	39,935
Spain	26,269	73	—	—	26,342
Other licensed or approved jurisdictions	73,290	13,253	—	—	86,543
	321,872	**252,876**	**64,070**	**(1,200)**	**637,618**

In thousands of U.S. Dollars	Three Months Ended June 30, 2018				
	International	United Kingdom	Australia	Intercompany eliminations	Total
Geographic Area					
United Kingdom	19,422	—	—	—	19,422
Malta	114,574	—	—	—	114,574
Australia	—	—	61,277	—	61,277
Isle of Man	97,292	—	—	—	97,292
Italy	37,133	—	—	—	37,133
Spain	31,301	—	—	—	31,301
Other licensed or approved jurisdictions	50,513	—	—	—	50,513
	350,235	**—**	**61,277**	**—**	**411,512**

* The Corporation excluded from its consolidated revenue $1.2 million of Other revenue derived from operations in the United Kingdom that were included in the United Kingdom segment related to certain non-gaming related transactions with the International segment. A corresponding exclusion is recorded in sales and marketing expense in the International segment.

In thousands of U.S. Dollars	Six Months Ended June 30, 2019				
	International	United Kingdom	Australia	Intercompany eliminations *	Total
Geographic Area					
United Kingdom	36,763	416,077	—	(2,700)	450,140
Malta	248,791	—	—	—	248,791
Australia	—	158	126,244	—	126,402
Isle of Man	95,196	—	—	—	95,196
Italy	82,886	233	—	—	83,119
Spain	53,836	152	—	—	53,988
Other licensed or approved jurisdictions	145,013	15,353	—	—	160,366
	662,485	**431,973**	**126,244**	**(2,700)**	**1,218,002**

In thousands of U.S. Dollars	Six Months Ended June 30, 2018 International	United Kingdom	Australia	Intercompany eliminations	Total
Geographic Area					
United Kingdom	39,572	—	—	—	39,572
Malta	246,954	—	—	—	246,954
Australia	—	—	72,402	—	72,402
Isle of Man	197,134	—	—	—	197,134
Italy	78,759	—	—	—	78,759
Spain	62,929	—	—	—	62,929
Other licensed or approved jurisdictions	106,653	—	—	—	106,653
	732,001	**—**	**72,402**	**—**	**804,403**

* The Corporation excluded from its consolidated revenues $2.7 million of Other revenue derived from operations in the United Kingdom that were included in the United Kingdom segment related to certain non-gaming related transactions with the International segment. A corresponding exclusion is recorded in sales and marketing expense in the International segment.

6. EXPENSES CLASSIFIED BY NATURE

In thousands of U.S. Dollars	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Cost of revenue (excluding depreciation and amortization)				
Direct selling costs	34,089	13,592	66,894	25,511
Gaming duty, levies and fees	112,587	49,503	214,145	97,483
Processor and other operating costs	27,234	20,542	55,507	40,907
	173,910	**83,637**	**336,546**	**163,901**
General and administrative				
Salaries and wages	81,464	60,387	161,598	109,167
Legal and professional fees	33,684	25,327	53,304	41,832
Impairment of property and equipment and intangible assets	2,498	959	2,652	1,074
(Gain) loss on disposal of investments and other assets	(292)	321	(292)	(196)
Acquisition-related costs	—	35,790	—	43,453
Foreign exchange loss	975	62,965	1,855	68,972
IT and software costs	27,946	12,397	55,266	19,807
Other operational costs	21,084	20,055	43,039	36,141
Depreciation and amortization	109,081	44,585	218,375	83,843
	276,440	**262,786**	**535,797**	**404,093**
Net financing charges				
Interest on long-term debt	64,686	23,424	131,305	49,329
Other interest expense	714	771	2,294	1,168
(Gain) loss on re-measurement of deferred contingent payment *	(3,335)	3,697	(12,713)	3,697
Gain on re-measurement of Embedded Derivative **	(12,200)	—	(34,800)	—
Unrealized foreign exchange (gain) loss on financial instruments associated with financing activities	(292)	—	1,340	—
Ineffectiveness on cash flow hedges	5,708	—	7,564	—
Loss on debt extinguishment	—	124,976	—	124,976
Accretion expense	14,088	8,574	22,357	21,080
Interest income	(1,124)	(1,082)	(2,125)	(1,539)
	68,245	**160,360**	**115,222**	**198,711**

* See note 3 and 14 for details regarding the recognition and measurement of the deferred contingent payment.
** See notes 10 and 14 for details regarding the recognition and measurement of the Embedded Derivative.

7. INCOME TAXES

The Corporation's applicable Canadian statutory tax rate is equal to the Federal and Provincial combined tax rate for the period applicable in the jurisdiction within Canada where the Corporation's head office is registered (i.e., Ontario). The Corporation's primary operations were previously in the Isle of Man and Malta and subsequent to the Australian Acquisitions and SBG Acquisition, are now also in Australia and the United Kingdom. Income taxes reported differ from the amount computed by applying the Canadian statutory rates to earnings before income taxes primarily due to differences in statutory rates across the countries where the Corporation operates and where the Corporation is incorporated, among other factors. The reconciliation is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands of U.S. Dollars	2019	2018	2019	2018
Net earnings (loss) before income taxes	25,710	(158,228)	40,270	(82,712)
Canadian statutory tax rate	26.5%	26.5%	26.5%	26.5%
Income taxes at Canadian statutory tax rate	6,813	(41,930)	10,672	(21,919)
Non-taxable income	2,174	(2,464)	(3,545)	(2,627)
Non-deductible expenses	7,807	3,985	9,352	4,978
Differences in effective income tax rates in foreign jurisdictions	1,400	(11,407)	(16,406)	(47,287)
Deferred tax assets not recognized	(1,142)	51,966	7,659	67,504
Provision true up	4,029	(3,554)	251	(2,898)
Income tax expense (recovery)	**21,081**	**(3,404)**	**7,983**	**(2,249)**

The Corporation's effective income tax rate for the three and six months ended June 30, 2019, was 82.0% (June 30, 2018 – 2.2%) and 19.8% (June 30, 2018 – 2.7%), respectively. The income tax expense for the three and six months ended June 30, 2019 includes $10.3 million (June 30, 2018 – $1.4 million) and $23.2 million (June 30, 2018 – $1.8 million), respectively, in relation to the income tax recovery on the amortization expense of acquired intangible assets from the Australian Acquisitions and the SBG Acquisition.

The Corporation's income taxes for the three and six months ended June 30, 2019 were impacted by the tax recovery on amortization of intangible assets, the mix of taxable earnings among and across geographies, with an increase in taxable earnings following the Acquisitions in geographies with higher statutory corporate tax rates, and the recognition of deferred tax, as a result of the transfer of customer intangible rights from the Isle of Man to Malta in connection with an internal corporate restructuring, and Australian business continuity tax law change allowing recognition of certain acquired assets. The Corporation expects that income taxes will continue to be effected by the recovery on amortization of intangible assets and geographic diversity of its taxable earnings.

Significant components of the Corporation's deferred income tax asset balance at June 30, 2019 and December 31, 2018 are as follows:

In thousands of U.S. Dollars	Property & Equipment	Intangibles	Tax Losses	Other	Total *
At January 1, 2018	**148**	**—**	**174**	**4,484**	**4,806**
Credited (charged) to net earnings	41	—	1,051	(1,008)	84
Credited to other comprehensive income	—	—	—	53	53
Charged directly to equity - share-based payment transactions	—	—	—	(359)	(359)
Acquisition of subsidiary	1,016	—	—	9,921	10,937
Foreign exchange on translation	(61)	—	(34)	(1,177)	(1,272)
At December 31, 2018	**1,144**	**—**	**1,191**	**11,914**	**14,249**
Opening adjustment	35	—	(5)	167	197
At January 1, 2019	**1,179**	**—**	**1,186**	**12,081**	**14,446**
(Charged) credited to net earnings	(99)	5,405	3,641	5,225	14,172
Charged to other comprehensive income	—	—	—	(169)	(169)
Reallocated to deferred tax liability	—	64	—	(30)	34
Foreign exchange on translation	(1)	(18)	38	143	162
At June 30, 2019	**1,079**	**5,451**	**4,865**	**17,250**	**28,645**

Significant components of the Corporation's deferred income tax liability balance at June 30, 2019 and December 31, 2018 are as follows:

In thousands of U.S. Dollars	Property & Equipment	Intangibles	Other	Total *
At January 1, 2018	**(45)**	**(16,130)**	**—**	**(16,175)**
(Charged) credited to net earnings	(82)	15,525	(513)	14,930
Acquisition of subsidiary	—	(620,796)	(465)	(621,261)
Foreign exchange on translation	6	29,278	51	29,335
At December 31, 2018	**(121)**	**(592,123)**	**(927)**	**(593,171)**
Opening adjustment	(9)	(131)	(57)	(197)
At January 1, 2019	**(130)**	**(592,254)**	**(984)**	**(593,368)**
Charged to net earnings	(107)	(2,795)	(24)	(2,926)
Reallocated to deferred tax asset	—	(64)	29	(35)
Foreign exchange on translation	1	1,699	(3)	1,697
At June 30, 2019	**(236)**	**(593,414)**	**(982)**	**(594,632)**

* Deferred taxes by category above are presented on a gross basis. The statements of financial position present deferred taxes net for amounts included within the same jurisdiction.

8. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per Common Share for the following periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Numerator				
Numerator for basic and diluted earnings (loss) per Common Share – net earnings (loss) attributable to Shareholders of The Stars Group Inc.	$ 4,757,000	$ (153,645,000)	$ 32,670,000	$ (78,194,000)
Denominator				
Denominator for basic earnings (loss) per Common Share – weighted average number of Common Shares	281,689,369	152,788,098	277,557,011	150,523,119
Effect of dilutive securities				
Stock options	311,170	2,032,234	268,784	1,625,516
Performance share units	315,938	302,142	292,045	284,631
Deferred share units	6,710	128,810	2,906	123,092
Restricted share units	76,026	113,809	60,591	109,654
Warrants	—	2,000,094	—	1,891,087
Convertible Preferred Shares	—	58,014,988	—	57,891,979
Effect of dilutive securities	**709,844**	**62,592,077**	**624,326**	**61,925,959**
Dilutive potential for diluted earnings (loss) per Common Share	**282,399,213**	**152,788,098**	**278,181,337**	**150,523,119**
Basic earnings (loss) per Common Share	$ 0.02	$ (1.01)	$ 0.12	$ (0.52)
Diluted earnings (loss) per Common Share	$ 0.02	$ (1.01)	$ 0.12	$ (0.52)

9. LONG-TERM DEBT

The following is a summary of long-term debt outstanding at June 30, 2019, and at December 31, 2018 (all capitalized terms used in the tables below relating to such long-term debt are defined below in this note):

In thousands of U.S. Dollars (except as noted)	Contractual interest rate	June 30, 2019 Principal outstanding balance in currency of borrowing	June 30, 2019 Carrying amount in USD	December 31, 2018 Principal outstanding balance in currency of borrowing	December 31, 2018 Carrying amount in USD
USD First Lien Term Loan	6.30%	3,189,250	3,122,282	3,557,125	3,479,823
EUR First Lien Term Loan	3.75%	850,000	945,946	850,000	951,980
Senior Notes	7.00%	1,000,000	980,709	1,000,000	980,008
Loan payable to non-controlling interest	0.00%	56,936	39,978	49,936	35,147
Total long-term debt			**5,088,915**		**5,446,958**
Current portion			35,750		35,750
Non-current portion			5,053,165		5,411,208

The Corporation's change in the long-term debt balance from December 31, 2018 to June 30, 2019 was as follows:

In thousands of U.S. Dollars	Balance – January 1, 2019	New debt	Principal payments	Interest accretion *	Translation	Balance – June 30, 2019
USD First Lien Term Loan	3,479,823	—	(367,875)	10,334	—	3,122,282
EUR First Lien Term Loan	951,980	—	—	1,418	(7,452)	945,946
Senior Notes	980,008	—	—	701	—	980,709
Loan payable to non-controlling interest	35,147	4,894	—	—	(63)	39,978
Total	**5,446,958**	**4,894**	**(367,875)**	**12,453**	**(7,515)**	**5,088,915**

* Interest accretion represents interest expense calculated at the effective interest rate less interest expense calculated at the contractual interest rate and is recorded in net financing charges in the unaudited interim condensed consolidated statements of earnings.

As at June 30, 2019, the contractual principal repayments of the Corporation's outstanding long-term debt over the next five years amount to the following:

In thousands of U.S. Dollars	<1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
USD First Lien Term Loan	35,750	35,750	35,750	35,750	35,750	3,010,500
EUR First Lien Term Loan	—	—	—	—	—	966,170
Senior Notes	—	—	—	—	—	1,000,000
Loan payable to non-controlling interest	—	39,978	—	—	—	—
Total	**35,750**	**75,728**	**35,750**	**35,750**	**35,750**	**4,976,670**

Revolving Facility and First Lien Term Loans

On July 10, 2018, the Corporation obtained a first lien revolving facility of $700 million (the "Revolving Facility"), USD first lien term loans of $3.58 billion (the "USD First Lien Term Loan"), and EUR first lien term loans of €850 million (the "EUR First Lien Term Loan" and, together with the USD First Lien Term Loan, the "First Lien Term Loans"). The Revolving Facility matures on July 10, 2023 and the First Lien Term Loans mature on July 10, 2025. On February 22, 2019, the Corporation made a voluntary prepayment of $100.0 million of its USD First Lien Term Loan, including accrued and unpaid interest, using available cash on hand. On May 14, 2019, the Corporation prepaid an additional $250.0 million using proceeds from the issuance of Common Shares to FOX and available cash on hand. As at June 30, 2019 and December 31, 2018 there were no amounts outstanding under the Revolving Facility. The Corporation had $73.9 million of letters of credit issued but undrawn as of June 30, 2019. Availability under the Revolving Facility as at June 30, 2019 was $626.1 million.

Senior Notes

On July 10, 2018, two of the Corporation's subsidiaries, Stars Group Holdings B.V. and Stars Group (US) Co-Borrower, LLC, issued 7.00% Senior Notes (the "Senior Notes") at par in an aggregate principal amount of $1.00 billion. The Senior Notes mature on July 15, 2026.

10. DERIVATIVES

The Corporation is exposed to interest rate and currency risk and uses derivative financial instruments for risk management and mitigation purposes. As such, any change in cash flows associated with derivative instruments is expected to be offset by changes in cash flows related to the hedged position. The Corporation's approach and objectives for hedge accounting remain consistent with the prior year.

The following table summarizes the fair value of derivatives as at June 30, 2019 and December 31, 2018:

	As at June 30, 2019		As at December 31, 2018	
In thousands of U.S. Dollars	Assets	Liabilities	Assets	Liabilities
Derivatives held for hedging				
Derivatives designated in cash flow hedges				
Cross currency interest rate swaps	16,118	14,042	41,117	1,096
Interest rate swap	—	19,037	—	4,972
Total derivatives designated in cash flow hedges	16,118	33,079	41,117	6,068
Derivatives designated in net investment hedges				
Cross currency interest rate swaps	—	7,596	1,866	—
Total derivatives designated in net investment hedge	—	7,596	1,866	—
Total derivatives held for hedging	**16,118**	**40,675**	**42,983**	**6,068**
Derivatives held for risk management and other purposes not designated in hedges				
Forward contracts	—	—	—	208
Unsettled bets	—	10,051	—	16,285
Embedded Derivative	46,400	—	11,600	—
Total derivatives held for risk management and other purposes not designated in hedges	**46,400**	**10,051**	**11,600**	**16,493**

11. PROVISIONS

The carrying amounts of provisions as at June 30, 2019 and December 31, 2018 and the movements in the provisions during the six months ended June 30, 2019 were as follows:

In thousands of U.S. Dollars	Player bonuses and jackpots	Deferred payment provision *	Restructuring provision	Other	Total
Balance at December 31, 2018	**18,584**	**6,300**	**9,713**	**8,594**	**43,191**
Recognized	27,107	—	—	—	27,107
Adjustment to provision recognized	—	—	(610)	1,300	690
Payments	(26,428)	—	(8,874)	(2,561)	(37,863)
Accretion of discount	—	—	—	73	73
Foreign exchange translation (gains) losses	(161)	—	(6)	162	(5)
Balance at June 30, 2019	**19,102**	**6,300**	**223**	**7,568**	**33,193**
Current portion at December 31, 2018	18,584	6,300	9,713	4,592	39,189
Non-current portion at December 31, 2018	—	—	—	4,002	4,002
Current portion at June 30, 2019	19,102	6,300	223	3,931	29,556
Non-current portion at June 30, 2019	—	—	—	3,637	3,637

* The provision of $6.3 million as at June 30, 2019 is contingent on future events.

12. SHARE CAPITAL

The authorized share capital of the Corporation consists of an unlimited number of Common Shares, with no par value, and an unlimited number of convertible preferred shares ("Preferred Shares"), with no par value, issuable in series. As at June 30, 2019, 287,715,235 Common Shares were issued, outstanding and fully paid (December 31, 2018 – 273,177,244).

On May 8, 2019, Fox Corporation (Nasdaq: FOXA, FOX) ("FOX") acquired 14,352,331 newly issued Common Shares, representing 4.99% of the Corporation's then-issued and outstanding Common Shares, at a price of $16.4408 per share, for aggregate proceeds of $236.0 million. The Common Shares issued to FOX are subject to certain transfer restrictions for two years, subject to customary exceptions.

During the six months ended June 30, 2019, the Corporation issued 129,325 Common Shares for cash consideration of $1.8 million as a result of the exercise of stock options. The exercised stock options were initially valued at $0.5 million. The Corporation also issued 56,335 Common Shares in connection with the settlement of other equity-based awards, initially valued at $1.4 million. Upon exercise or settlement, as applicable, the values originally allocated to the stock options and equity-based awards in the Equity reserve were reallocated to the Common Shares so issued.

13. RESERVES

The following table highlights the classes of reserves included in the Corporation's equity as at June 30, 2019 and December 31, 2018 and the movements in the related reserves balances for the six months ended June 30, 2019 and the year ended December 31, 2018:

In thousands of U.S. Dollars	Acquisition reserve	Warrants	Equity	Treasury	Cumulative translation	Financial assets at FVOCI	Cash flow hedging	Other	Total
Balance – January 1, 2018	**—**	**14,688**	**36,865**	**(29,542)**	**(120,694)**	**168**	**(33,983)**	**(9,629)**	**(142,127)**
Cumulative translation adjustments	—	—	—	—	(93,350)	—	—	—	(93,350)
Stock-based compensation	—	—	12,806	—	—	—	—	—	12,806
Exercise of stock options and settlement of equity awards	—	—	(6,982)	—	—	—	—	—	(6,982)
Re-allocation from warrants reserve to share capital for exercised warrants	—	(14,688)	—	—	—	—	—	—	(14,688)
Reclassified to net earnings	—	—	—	—	—	(311)	(45,271)	—	(45,582)
Unrealized (losses) gains	—	—	—	—	—	(339)	41,201	—	40,862
Deferred tax on re-measurements	—	—	—	—	—	53	—	—	53
Reversal of deferred tax on stock-based compensation	—	—	(359)	—	—	—	—	—	(359)
Impairment of debt instruments at FVOCI	—	—	—	—	—	(84)	—	—	(84)
Further acquisition of subsidiary	(220,023)	—	—	—	—	—	—	(155)	(220,178)
Balance – December 31, 2018	**(220,023)**	**—**	**42,330**	**(29,542)**	**(214,044)**	**(513)**	**(38,053)**	**(9,784)**	**(469,629)**
Cumulative translation adjustments	—	—	—	—	(11,361)	—	—	—	(11,361)
Stock-based compensation	—	—	7,462	—	—	—	—	—	7,462
Exercise of stock options and settlement of equity awards	—	—	(1,868)	—	—	—	—	—	(1,868)
Reclassified to net earnings (loss)	—	—	—	—	—	(15)	(6,347)	—	(6,362)
Unrealized gains (losses)	—	—	—	—	—	1,106	(44,458)	—	(43,352)
Deferred tax on re-measurements	—	—	—	—	—	(169)	—	—	(169)
Impairment of debt instruments at FVOCI	—	—	—	—	—	9	—	—	9
Balance – June 30, 2019	**(220,023)**	**—**	**47,924**	**(29,542)**	**(225,405)**	**418**	**(88,858)**	**(9,784)**	**(525,270)**

During the six months ended June 30, 2019 the Corporation issued:

- 12,500 stock options with an aggregate grant date fair value of $0.1 million.
- 675,260 restricted share units with an aggregate grant date fair value of $12.1 million.
- 82,842 deferred share units with an aggregate grant date fair value of $1.5 million.
- 1,420,100 performance share units with an aggregate grant date fair value of $27.1 million.

14. FAIR VALUE

The Corporation determined that the carrying values of its short-term financial assets and liabilities approximate their fair value because of the relatively short periods to maturity of these instruments and their low credit risk.

Certain of the Corporation's financial assets and liabilities are measured at fair value, including at fair value through profit or loss ("FVTPL") or FVOCI at the end of each reporting period. The following table provides information about how the fair values of these financial assets and liabilities were determined as at each of June 30, 2019 and December 31, 2018:

In thousands of U.S. Dollars	As at June 30, 2019 Fair value & carrying value	Level 1	Level 2	Level 3
Bonds – FVOCI	105,196	105,196	—	—
Equity in unquoted companies - FVTPL	7,298	—	—	7,298
Derivatives	62,518	—	16,118	46,400
Total financial assets	**175,012**	**105,196**	**16,118**	**53,698**
Derivatives	50,726	—	40,675	10,051
Deferred contingent payment - FVTPL	64,706	—	—	64,706
Other provisions - FVTPL	2,300	—	—	2,300
Total financial liabilities	**117,732**	**—**	**40,675**	**77,057**

In thousands of U.S. Dollars	As at December 31, 2018 Fair value & carrying value	Level 1	Level 2	Level 3
Bonds - FVOCI	103,153	103,153	—	—
Equity in unquoted companies - FVTPL	6,773	—	—	6,773
Derivatives	54,583	—	42,983	11,600
Total financial assets	**164,509**	**103,153**	**42,983**	**18,373**
Derivatives	22,561	—	6,276	16,285
Deferred contingent payment - FVTPL	77,628	—	—	77,628
Other provisions - FVTPL	2,740	—	—	2,740
Total financial liabilities	**102,929**	**—**	**6,276**	**96,653**

The fair values of other financial assets and liabilities measured at amortized cost, other than those for which the Corporation has determined that their carrying values approximate their fair values on the unaudited interim condensed consolidated statements of financial position as at each of June 30, 2019, and December 31, 2018 are as follows:

In thousands of U.S. Dollars	As at June 30, 2019 Fair value	Level 1	Level 2	Level 3
First Lien Term Loans	4,167,262	—	4,167,262	—
Senior Notes	1,059,320	—	1,059,320	—
Total financial liabilities	**5,226,582**	**—**	**5,226,582**	**—**

In thousands of U.S. Dollars	As at December 31, 2018 Fair value	Level 1	Level 2	Level 3
First Lien Term Loans	4,414,525	—	4,414,525	—
Senior Notes	969,370	—	969,370	—
Total financial liabilities	**5,383,895**	**—**	**5,383,895**	**—**

As part of its periodic review of fair values, the Corporation recognizes transfers, if any, between levels of the fair value hierarchy at the end of the reporting period during which the transfer occurred. There were no transfers between levels of the fair value hierarchy during the three or six months ended June 30, 2019 or the year ended December 31, 2018.

Valuation of Level 2 financial instruments

Long-Term Debt

The Corporation estimates the fair value of its long-term debt by using a composite price derived from observable market data for a basket of similar instruments.

Derivative Financial Instruments

The Corporation uses derivative financial instruments to manage its interest rate and foreign currency risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis of the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, such as interest rate curves as well as spot and forward rates.

To comply with the provisions of IFRS 13, *Fair value measurement*, the Corporation incorporates credit valuation adjustments to appropriately reflect both its own non-performance risk and the applicable counterparty's non-performance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of non-performance risk, the Corporation has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

Although the Corporation has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. As of June 30, 2019 and December 31, 2018, the Corporation has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions, with the exception of the Embedded Derivative, which is classified as Level 3, and determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Corporation determined that its valuations of its derivatives in their entirety are classified in Level 2 of the fair value hierarchy.

Reconciliation of Level 3 fair values

Some of the Corporation's financial assets and liabilities are classified as Level 3 of the fair value hierarchy because the respective fair value determinations use inputs that are not based on observable market data. As at June 30, 2019, the valuation techniques and key inputs used by the Corporation for each Level 3 asset or liability were as follows:

- Equity in private companies (Level 3 Assets): The Corporation valued its equity investment in private companies with reference to earnings measures from similar businesses in the same or similar industry and adjusts for any significant changes in the earnings multiple and the valuation. A reasonable change in assumptions would not have a material impact on fair value. Changes in the fair value of equity in private companies are recorded in loss (gain) on investments within general and administrative expenses on the consolidated statements of earnings.
- Deferred contingent payment (Level 3 Liability) in connection with the acquisition of the additional 18% equity interest in BetEasy (see note 3): The Corporation used a risk-neutral derivative-based simulation of the underlying EBITDA forecast to determine the fair value of the deferred contingent payment, and at June 30, 2019, used a discount rate of 9.5% and an EBITDA forecast with an estimated volatility of 22.5% of the historic EBITDA of comparable companies. A five-percentage point increase or decrease in the estimated volatility would have a $0.1 million or $(0.5) million impact on fair value, respectively. Changes in the fair value of the deferred contingent payment are recorded in net financing changes on the consolidated statements of earnings.
- Embedded derivative redemption option (Level 3 Asset) in connection with the Senior Notes issuance (the "Embedded Derivative"): The Corporation used an interest rate option pricing valuation model to determine the fair value of the Embedded Derivative using an implied credit spread of 3.4% at June 30, 2019. A 10-basis point increase or decrease in the implied credit spread would have a $(3.0) million or $3.0 million impact on fair value, respectively. Changes in the fair value of the Embedded Derivative are recorded in net financing changes on the consolidated statements of earnings.
- Unsettled bets (Level 3 Liability): The principal assumptions used in the valuation of unsettled bets is the anticipated outcomes for the events related to the unsettled bets (gross win margin). A reasonable change in the gross win margin would not have a material impact on fair value. Changes in the fair value of the unsettled bets are recorded in revenue on the consolidated statements of earnings.
- Included within other level 3 liabilities:
  - EBITDA support agreement (Level 3 Liability): As previously disclosed, in connection with the initial public offering Innova Gaming Group Inc. (TSX: IGG) ("Innova"), the Corporation entered into an EBITDA support agreement with Innova. The Corporation used a net present value approach for the EBITDA support agreement. Changes in the fair value of the EBITDA support agreement are recorded in net financing changes on the consolidated statements of earnings.

The following tables show a reconciliation from opening balances to the closing balances for Level 3 fair values:

In thousands of U.S Dollars	Level 3 Equity investments	Level 3 Embedded Derivative
Balance – December 31, 2018	**6,772**	**11,600**
Re-measurement of fair value	530	34,800
Translation	(4)	—
Balance – June 30, 2019	**7,298**	**46,400**

In thousands of U.S Dollars	Level 3 Deferred contingent payment	Level 3 Unsettled Bets	Other
Balance – December 31, 2018	**77,628**	**16,285**	**2,740**
Settlements	—	(6,536)	(675)
Re-measurement of fair value	(12,713)	(52)	73
Translation	(209)	354	162
Balance – June 30, 2019	**64,706**	**10,051**	**2,300**

15. ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16, *Leases*

As referenced in note 2 above, the Corporation adopted IFRS 16 on January 1, 2019. The impact of the Corporation's transition to IFRS 16 is summarized below.

The table below illustrates the reconciliation of lease commitments not recorded on the unaudited interim condensed consolidated statement of financial position prior to the adoption of IFRS 16 to the lease liabilities recognized in connection with the transition to IFRS 16:

In thousands of U.S. Dollars	As at January 1, 2019
Off-balance-sheet contractual commitments	242,170
Less: non-lease contractual commitments	(150,055)
Off-balance-sheet commitments for lease obligations	92,115
Current leases with a lease term of 12 months or less (short-term leases)	(24,618)
Variable lease payments that do not depend on an index or rate	(3,325)
Other	1,992
Undiscounted lease liabilities as at January 1, 2019	**66,164**
Effect of discounting	(6,679)
Present value of lease liabilities as at January 1, 2019	**59,485**

The table below illustrates the impact of the adoption of IFRS 16 to the unaudited interim condensed consolidated statement of financial position as at January 1, 2019:

In thousands of U.S. Dollars	Original January 1, 2019 (IAS 17)	Adjustment on adoption of IFRS 16	January 1, 2019 (IFRS 16)
Right-of-use assets (included in Property and equipment)	—	57,288	57,288
Prepaid expenses and other non-current assets	32,760	(776)	31,984
Net impact on total assets		56,512	
Lease liabilities	—	59,485	59,485
Other long-term liabilities	79,716	(2,973)	76,743
Net impact on total liabilities		56,512	
Retained earnings		—	

The table below illustrates the right-of-use assets as at June 30, 2019, included as part of property and equipment in the unaudited interim condensed consolidated statement of financial position by asset class:

In thousands of U.S. Dollars	Land and Buildings	Computer Equipment	Total
Net carrying amount			
January 1, 2019	44,576	12,712	57,288
June 30, 2019	46,051	12,550	58,601

The table below illustrates the contractual maturity of recognized lease liabilities in the unaudited interim condensed consolidated statement of financial position:

In thousands of U.S. Dollars	January 1, 2019	June 30, 2019
Lease liabilities		
Current portion of lease liabilities	14,985	18,764
Long-term portion of lease liabilities	44,500	44,121
	59,485	62,885
Maturity analysis (undiscounted)		
Not later than 1 year	14,985	18,764
Later than 1 year and not later than 5 years	41,214	42,503
Later than 5 years	9,965	7,259
	66,164	68,526

The weighted average discount rate applied to the Corporation's leases as at June 30, 2019 was 3.62%.

The table below illustrates the impact of the adoption of IFRS 16 to the unaudited interim condensed consolidated statement of earnings (loss) for the three and six months ended June 30, 2019:

In thousands of U.S. Dollars	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Impact on earnings for the period		
Increase in depreciation and amortization expenses	(4,140)	(8,311)
Increase in finance costs	(523)	(1,123)
Decrease in other expenses	4,900	9,404
Increase (decrease) in earnings for the period	237	(30)
Impact on earnings per share		
Increase (decrease) in earnings per share		
Basic	$ —	$ —
Diluted	$ —	$ —

During the three and six months ended June 30, 2019, the Corporation recorded lease rental expense of $0.6 million and $2.2 million, respectively, within general and administrative expenses related to short term and low value leases.

IFRIC 23, *Uncertainty over Income Tax Treatments*

As referenced in note 2, the Corporation adopted IFRIC 23 on January 1, 2019. The adoption of the interpretation did not have a material impact on the unaudited interim condensed consolidated financial statements.

16. FOX BET PARTNERSHIP

On May 8, 2019, the Corporation and FOX Sports, a unit of FOX, announced plans to launch FOX Bet, the first-of-its kind national media and sports wagering partnership in the United States and entered into a commercial agreement of up to 25 years. Under the commercial agreement, FOX Sports granted to the Corporation an exclusive license for the use of certain FOX Sports trademarks for a range of immersive games and online sports wagering, and certain exclusive advertising and editorial integration rights on certain FOX Sports broadcast media and digital assets. As part of the transaction, FOX Sports will receive certain brand license, integration and affiliate fees. In addition, during the term of the commercial agreement, the Corporation has agreed to a minimum annual advertising commitment on certain FOX media assets. Prior to the tenth anniversary of the commercial agreement, and subject to certain conditions and applicable gaming regulatory approvals, FOX Sports has the right to acquire up to a 50% equity stake in the Corporation's U.S. business.

THE STARS GROUP

Exhibit 99.3

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2019

August 12, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (this "MD&A") provides a review of the results of operations, financial condition and cash flows for The Stars Group Inc. on a consolidated basis for the three and six months ended June 30, 2019. References to "The Stars Group" or the "Corporation" in this MD&A refer to The Stars Group Inc. and its subsidiaries or any one or more of them, unless the context requires otherwise. This document should be read in conjunction with the information contained in the Corporation's unaudited interim condensed consolidated financial statements and related notes for the three and six months ended June 30, 2019 (the "Q2 2019 Financial Statements"), the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2018 (the "2018 Annual Financial Statements") and Management's Discussion and Analysis thereon (the "2018 Annual MD&A"), and the Corporation's annual information form for the year ended December 31, 2018 (the "2018 Annual Information Form" and together with the 2018 Annual Financial Statements and 2018 Annual MD&A, the "2018 Annual Reports"). These documents and additional information regarding the business of the Corporation are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com, the Electronic Data Gathering, Analysis, and Retrieval system ("EDGAR") at www.sec.gov, and the Corporation's website at www.starsgroup.com.

For reporting purposes, the Corporation prepared the Q2 2019 Financial Statements in U.S. dollars and, unless otherwise indicated, in conformity with International Accounting Standard 34—Interim Financial Reporting of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial information contained in this MD&A was derived from the Q2 2019 Financial Statements. The results of operations for the three and six months ended June 30, 2019 were prepared following the Corporation's adoption of IFRS 16, Leases ("IFRS 16") and, consistent with the transition method it chose, comparative information has not been restated. See note 15 of the Q2 2019 Financial Statements. Unless otherwise indicated, all references to "USD" and "$" are to U.S. dollars, "EUR" or "€" are to European Euros, "GBP" or "£" are to British pound sterling, "CDN" or "CDN $" are to Canadian dollars and "AUD" or "AUD $" are to Australian dollars. All percent (%) changes are calculated as the current period amount minus the prior period amount and then divided by the prior period amount and use rounded figures except for gross profit margin, Adjusted EBITDA Margin, QAU, QNY, Net Deposits, Betting Net Win Margin (each as defined below) and per share amounts, which are calculated using unrounded figures. Unless otherwise indicated, all references to a specific "note" refer to the notes to the Q2 2019 Financial Statements.

As at June 30, 2019, the Corporation had three reporting segments, "International", "United Kingdom" and "Australia", each with certain major lines of operations, and a "Corporate" cost center, all as further described below. The International segment currently includes the business operations of Stars Interactive Group (i.e., PokerStars, PokerStars Casino, BetStars, Full Tilt and their related brands), the United Kingdom segment currently includes the business operations of Sky Betting & Gaming (i.e., Sky Bet, Sky Vegas, Sky Casino, Sky Bingo, Sky Poker, Oddschecker and their related brands) and the Australia segment currently includes the business operations of BetEasy (each as defined below). See "Segment Results of Operations" below and note 5 of the Q2 2019 Financial Statements for additional information on the Corporation's reporting segments.

As at June 30, 2019, the Corporation had up to four major lines of operations within each of its reporting segments, as applicable: real-money online poker ("Poker"), real-money online betting ("Betting"), real-money online casino and, where applicable, bingo (collectively, "Gaming"), and other gaming-related revenue, including, without limitation, revenue from social and play-money gaming, live poker events, branded poker rooms, Oddschecker and other nominal sources of revenue, as applicable (collectively, "Other"). As it relates to these lines of operations, online revenue includes revenue generated through the Corporation's online, mobile and desktop client platforms, as applicable.

For purposes of this MD&A: (i) the term "gaming license" refers collectively to all the different licenses, consents, permits, authorizations, and other regulatory approvals that are necessary to be obtained in order for the recipient to lawfully conduct (or be associated with) gaming in a particular jurisdiction; and (ii) unless the context requires otherwise or otherwise defined (particularly as it relates to the Gaming line of operation as used in this MD&A and the Q2 2019 Financial Statements, which currently only includes real-money online casino and, where applicable, bingo revenue), all references in this MD&A to "gaming" include all online gaming (e.g., poker, casino and bingo) and betting.

Unless otherwise stated, in preparing this MD&A the Corporation has considered information available to it up to August 12, 2019, the date the Corporation's board of directors (the "Board") approved this MD&A and the Q2 2019 Financial Statements.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A, the Q2 2019 Financial Statements and the 2018 Annual Reports contain certain information that may constitute forward-looking information and statements (collectively, “forward-looking statements”) within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable securities laws, including financial and operational expectations and projections, such as certain future operational and growth plans and strategies. These statements, other than statements of historical fact, are based on management’s current expectations and are subject to a number of risks, uncertainties and assumptions, including market and economic conditions, business prospects or opportunities, future plans and strategies, projections, technological developments, anticipated events and trends and regulatory changes that affect the Corporation and its customers, partners, suppliers and industries in which it operates or may operate in the future. Although the Corporation and management believe the expectations reflected in such forward-looking statements are reasonable and are based on reasonable assumptions and estimates as at the date hereof, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward-looking statements are inherently subject to significant business, regulatory, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “would”, “should”, “believe”, “objective”, “ongoing”, “imply” or the negative of these words or other variations or synonyms of these words or comparable terminology and similar expressions. For example, see “Non-IFRS Measures, Key Metrics and Other Data”, “Overview and Outlook”, “Liquidity and Capital Resources” and “Recent Accounting Pronouncements”.

Specific factors and assumptions include the following: customer and operator preferences and changes in the economy; reputation and brand growth; competition and the competitive environment within addressable markets and industries; macroeconomic conditions and trends in the gaming industry; ability to predict fluctuations in financial results from quarter to quarter; ability to mitigate tax risks and adverse tax consequences, including changes in tax laws or administrative policies relating to tax and the imposition of new or additional taxes, such as value-added (“VAT”), other point of consumption taxes, corporate tax, and gaming duties; the Corporation’s exposure to greater than anticipated tax liability; the Corporation’s substantial indebtedness requires that it use a significant portion of its cash flow to make debt service payments; impact of inability to complete future or announced acquisitions or to integrate businesses successfully, including Sky Betting & Gaming and BetEasy; contractual relationships of The Stars Group with FOX (as defined below) and Sky plc and/or their respective subsidiaries; an ability to realize all or any of the Corporation’s estimated synergies and cost savings in connection with acquisitions, including the Acquisitions (as defined below); bookmaking risks; an ability to realize projected financial increases attributable to acquisitions and the Corporation’s business strategies; ability to mitigate foreign exchange and currency risks; potential changes to the gaming regulatory framework, including without limitation, those that may impact the Corporation’s ability to access and operate in certain jurisdictions, whether directly or through arrangements with locally based operators; the heavily regulated industry in which the Corporation carries on its business; risks associated with interactive entertainment and online and mobile gaming generally; ability to obtain, maintain and comply with all applicable and required licenses, permits and certifications to offer, operate and market its product offerings, including difficulties or delays in the same; significant barriers to entry; current and future laws or regulations and new interpretations of existing laws or regulations, or potential prohibitions, with respect to interactive entertainment or online gaming or activities related to or necessary for the operation and offering of online gaming; legal and regulatory requirements; risks of foreign operations generally; risks associated with advancements in technology, including artificial intelligence; ability to develop and enhance existing product offerings and new commercially viable product offerings; ability of technology infrastructure to meet applicable demand and reliance on online and mobile telecommunications operators; systems, networks, telecommunications or service disruptions or failures or cyber-attacks and failure to protect customer data, including personal and financial information; regulations and laws that may be adopted with respect to the Internet and electronic commerce or that may otherwise impact the Corporation in the jurisdictions where it is currently doing business or intends to do business, particularly those related to online gaming or that could impact the ability to provide online product offerings, including as it relates to payment processing; ability to obtain additional financing or to complete any refinancing on reasonable terms or at all; the Corporation’s secured credit facilities contain covenants and other restrictions that may limit its flexibility in operating its business; ability to recruit and retain management and other qualified personnel, including key technical, sales and marketing personnel; defects in product offerings; losses due to fraudulent activities; management of growth; contract awards; potential financial opportunities in addressable markets and with respect to individual contracts; dependency on customers’ acceptance of its product offerings; consolidation within the gaming industry; litigation costs and outcomes; expansion within existing and into new markets; relationships with vendors and distributors; counterparty risks; failure of systems and controls of the Corporation to restrict access to its products; reliance on scheduling and live broadcasting of major sporting events; and natural events. These factors are not intended to represent a complete list of the factors that could affect the Corporation; however, these factors, as well as those risk factors presented under the heading “Risk Factors and Uncertainties” in the 2018 Annual Information Form, elsewhere in this MD&A and the 2018 Annual Reports and in other filings that The Stars Group has made and may make in the future with applicable securities authorities, should be considered carefully.

The foregoing list of important factors and assumptions may not contain all the material factors and assumptions that are important to shareholders and investors. Shareholders and investors should not place undue reliance on forward-looking statements as the plans, assumptions, intentions or expectations upon which they are based might not occur. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Unless otherwise indicated by the Corporation, forward-looking statements in this MD&A describe the Corporation's expectations as at August 12, 2019, and, accordingly, are subject to change after such date. The Corporation does not undertake to update or revise any forward-looking statements to reflect events and circumstances after the date hereof or to reflect the occurrence of unanticipated events, except in accordance with applicable securities laws.

RISK FACTORS AND UNCERTAINTIES

Certain factors may have a material adverse effect on the Corporation's business, financial condition and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in this MD&A, the Q2 2019 Financial Statements and the 2018 Annual Reports, particularly under the heading "Risk Factors and Uncertainties" in the 2018 Annual Information Form, and in other filings that the Corporation has made and may make in the future with applicable securities authorities, including those available on SEDAR at www.sedar.com, EDGAR at www.sec.gov or The Stars Group's website at www.starsgroup.com. The risks and uncertainties described herein and therein are not the only ones the Corporation may face. Additional risks and uncertainties that the Corporation is unaware of, or that the Corporation currently believes are not material, may also become important factors that could adversely affect the Corporation's business. If any of such risks actually occur, the Corporation's business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of the common shares of the Corporation (the "Common Shares") (or the value of any other securities of the Corporation) could decline, and the Corporation's securityholders could lose part or all of their investment.

NON-IFRS MEASURES, KEY METRICS AND OTHER DATA

This MD&A references non-IFRS financial measures and key metric operational performance measures, including those under the headings "Consolidated Results of Operations and Cash Flows", "Segment Results of Operations" and "Reconciliations" below. The Corporation believes these measures and metrics will provide investors with useful supplemental information about the financial and operational performance of its business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating its business, identifying and evaluating trends, and making decisions. The Corporation believes that such non-IFRS financial measures provide useful information about its underlying, core operating results and trends, enhance the overall understanding of its past performance and future prospects and allow for greater transparency with respect to metrics and measures used by management in its financial and operational decision-making.

Although management believes these non-IFRS financial measures and key metrics are important in evaluating the Corporation, they are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with IFRS. They are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. These measures may be different from non-IFRS financial measures and key metrics used by other companies and may not be comparable to similar meanings prescribed by other companies, limiting their usefulness for comparison purposes. Moreover, presentation of certain of these measures is provided for period-over-period comparison purposes, and investors should be cautioned that the effect of the adjustments thereto provided herein have an actual effect on the Corporation's operating results.

Non-IFRS Measures

The Corporation presents the following non-IFRS measures in this MD&A, reconciliations of which to their nearest IFRS measures are provided, as applicable, under "Reconciliations" below:

Adjusted EBITDA

The Corporation defines Adjusted EBITDA as net earnings before financial expenses, income tax expense (recovery), depreciation and amortization, stock-based compensation, restructuring, net earnings (loss) on associate and certain other items as set out in the reconciliation tables under "Reconciliations" below.

The Corporation believes Adjusted EBITDA is a useful performance measure as it provides information regarding the Corporation's ongoing core operating activities and trends in underlying performance and growth, and is used by management primarily to forecast and budget the allocation of applicable resources, particularly in light of its current strategic initiatives, including its geographic and product expansion strategy.

Adjusted EBITDA Margin

The Corporation defines Adjusted EBITDA Margin as Adjusted EBITDA as a proportion of total revenue.

The Corporation believes Adjusted EBITDA Margin is a useful performance measure as it is representative of the Corporation's ongoing core business activities and assists management in monitoring the impact of any significant change in revenue generation (e.g., as a result of geographic or product changes, sporting results or seasonality) or costs (e.g., a change in gaming duty rates or gaming regulatory fees or costs) on the Corporation's operating performance.

Adjusted Net Earnings

The Corporation defines Adjusted Net Earnings as net earnings before interest accretion, amortization of intangible assets resulting from purchase price allocations following acquisitions, stock-based compensation, restructuring, net earnings (loss) on associate, and certain other items. In addition, as previously disclosed, the Corporation makes adjustments for (i) the re-measurement of contingent consideration, which was previously included in, and adjusted for through, interest accretion, but starting with the Corporation's interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2018 (the "Q3 2018 Financial Statements"), it is a separate line item, (ii) the re-measurement of embedded derivatives and ineffectiveness on cash flow hedges, each of which were new line items in the Q3 2018 Financial Statements, and (iii) certain non-recurring tax adjustments and settlements. Each adjustment to net earnings is then adjusted for the tax impact, where applicable, in the respective jurisdiction to which the adjustment relates. Adjusted Net Earnings and any other non-IFRS measures used by the Corporation that relies on or otherwise incorporates Adjusted Net Earnings that was reported for previous periods have not been restated under the updated definition on the basis that the Corporation believes that the impact of the change to those periods would not be material.

The Corporation believes Adjusted Net Earnings is also a useful performance measure as, similar to Adjusted EBITDA, it provides meaningful information relating to the Corporation's trends in underlying performance and growth, but it also takes into account the Corporation's current capital structure, the impact of its geographic diversity on taxes and its historical investments in technology.

Adjusted Diluted Net Earnings per Share

The Corporation defines Adjusted Diluted Net Earnings per Share as Adjusted Net Earnings attributable to the Shareholders of The Stars Group Inc. divided by Diluted Shares. Diluted Shares means the weighted average number of Common Shares on a fully diluted basis, including options, other equity-based awards such as warrants and any convertible preferred shares of the Corporation then outstanding. The effects of anti-dilutive potential Common Shares are ignored in calculating Diluted Shares. Diluted Shares used in the calculation of diluted earnings per share may differ from diluted shares used in the calculation of Adjusted Diluted Net Earnings per Share where the dilutive effects of the potential Common Shares differ. See note 8 in the Q2 2019 Financial Statements. For the three and six months ended June 30, 2019, Diluted Shares used for the calculation of Adjusted Diluted Net Earnings per Share equaled 282,399,213 and 278,181,337, respectively, compared with 215,380,175 and 212,449,078 for the prior year periods, respectively.

The Corporation believes Adjusted Diluted Net Earnings per Share is a useful measure for the same reasons as Adjusted Net Earnings as well as providing a per share measure that factors in the dilutive effect of the Corporation's outstanding equity and equity-based awards and instruments.

Constant Currency Revenue

The Corporation defines Constant Currency Revenue as IFRS reported revenue for the relevant period calculated using the applicable prior year period's monthly average exchange rates for its local currencies other than the U.S. dollar. Currently, the Corporation provides Constant Currency Revenue for the International segment and its applicable lines of operations. The Corporation believes providing Constant Currency Revenue for the International segment is useful because it helps show the foreign exchange impact due to currency translation and customer purchasing power, and it facilitates comparison to its historical performance mainly because the U.S. dollar is the primary currency of gameplay on the International segment's product offerings and the majority of the segment's customers are from European Union jurisdictions and primarily make deposits in Euros.

The Corporation is also exposed to foreign exchange risk as a result of the Acquisitions, primarily when translating the functional currencies of the United Kingdom segment (i.e., GBP) and Australia segment (i.e., AUD) into U.S. dollars for financial reporting purposes. However, it does not currently provide Constant Currency Revenue for the United Kingdom and Australia segments because the Corporation does not yet have full reported comparative periods for these segments as a result of the respective acquisition dates of Sky Betting & Gaming and BetEasy, and with respect to BetEasy, as of June 30, 2018, the Corporation had not yet completed the previously announced migration of the customers of what was formerly the William Hill Australia business onto the BetEasy platform. The Corporation intends to provide information on the impact of foreign exchange rates for these segments either individually or on a consolidated basis when applicable reported comparative period information is available that the Corporation believes would be reasonably comparable to the current periods as noted above.

Free Cash Flow

The Corporation defines Free Cash Flow as net cash flows from operating activities after adding back customer deposit liability movements and after capital expenditures and debt servicing cash flows (excluding voluntary prepayments).

The Corporation believes that Free Cash Flow is a useful liquidity measure because it believes that removing movements in customer deposit liabilities provides a meaningful understanding of its underlying cash flows as customer deposits are not available funds that the Corporation can use for financial or operational purposes, and removing capital expenditures and debt servicing costs shows cash potentially available for voluntary debt repayments and other financial or operational purposes including to pursue strategic initiatives.

Key Metrics and Other Data

The Corporation currently considers the below noted key metrics in this MD&A for its reporting segments, as applicable. The Corporation does not currently provide consolidated key metrics because management analyzes these metrics primarily on a segment-by-segment basis due to differences in the nature of the applicable segment's market, customer base and product offerings. Notwithstanding and unless the context otherwise requires, the Corporation believes that readers should consider the applicable metrics together for each segment (but not on a consolidated basis) as customer growth and monetization trends reflected in such metrics are key factors that affect the Corporation's revenue for the applicable segment.

While management may have provided other non-IFRS financial measures and key metrics in the past, it continues to review and assess the importance, completeness and accuracy of such measures as it relates to its evaluation of the Corporation's business, performance and trends affecting the same. This includes customer engagement, gameplay, staking or betting levels, depositing activity and various other customer trends, particularly following the introduction of certain customer acquisition initiatives, and the Corporation's expansion in real-money online casino and sportsbook and the introduction of certain ongoing improvements in the poker ecosystem. As such, management may determine that particular measures that it may have presented in the past are no longer helpful or relevant to understanding the Corporation's current and future business, performance or trends affecting the same, and as a result it may remove or redefine any such measures, or introduce new or alternative measures. In addition, the Corporation is also continuing to integrate the Acquisitions, as applicable, and once complete, the Corporation may revise or remove currently presented key metrics or report certain additional or other measures in the future. For each applicable period, management intends to provide such metrics and measures that it believes may be the most helpful and relevant to an understanding of the Corporation's business and performance, including on a consolidated and segmental basis and normalized measures of the same, and trends affecting the foregoing.

Quarterly Real-Money Active Uniques (QAUs)

The Corporation defines QAUs for the International and Australia reporting segments as active unique customers (online, mobile and desktop client) who (i) made a deposit or transferred funds into their real-money account with the Corporation at any time, and (ii) generated real-money online rake or placed a real-money online bet or wager during the applicable quarterly period. The Corporation defines "active unique customer" as a customer who played or used one of its real-money offerings at least once during the period, and excludes duplicate counting, even if that customer is active across multiple lines of operation (Poker, Gaming and/or Betting, as applicable) within the applicable reporting segment. The definition of QAUs excludes customer activity from certain low-stakes, non-raked real-money poker games, but includes real-money activity by customers using funds (cash and cash equivalents) deposited by the Corporation into such customers' previously funded accounts as promotions to increase their lifetime value.

The Corporation currently defines QAUs for the United Kingdom reporting segment (which currently includes the SBG (as defined below) business operations only) as active unique customers (online and mobile) who have settled a Stake (as defined below) or made a wager on any betting or gaming product within the applicable quarterly period. The Corporation defines "active unique customer" for the United Kingdom reporting segment as a customer who played at least once on one of its real-money offerings during the period, and excludes duplicate counting, even if that customer is active across more than one line of operation. For the three months ended September 30, 2018, QAUs for the United Kingdom reporting segment also include the applicable pre-acquisition period of July 1, 2018 through July 9, 2018.

QAUs are a measure of the player liquidity on the Corporation's real-money poker product offerings and level of usage on all its real-money product offerings, collectively. Trends in QAUs affect revenue and financial results by influencing the volume of activity, the Corporation's product offerings, and its expenses and capital expenditures.

The Corporation has faced and may continue to face challenges in increasing the size of its active customer base within one or more of its reporting segments due to, among other things, competition from alternative products and services for all verticals, as well as regulatory changes, payment processing or other restrictions or macro-economic factors that may impact customer acquisition or the ability of customers to make a deposit or play certain products, high-volume, net-withdrawing customers who detract from the overall poker ecosystem and discourage recreational customers, the use of certain sophisticated technology that may provide an artificial competitive advantage for certain online poker customers over others, and past and potential future weakness in certain global currencies against the U.S. dollar, which decreases the purchasing power of the Corporation's customer base as the U.S. dollar is the primary currency of gameplay on many of its International segment product offerings. Notwithstanding, the Corporation intends to retain and grow its reporting segments' customer bases and reactivate dormant users by, as applicable, continuing to improve the poker ecosystem to benefit recreational players, continuing to introduce new and innovative product offerings, features and enhancements for all verticals, improving the user interfaces, platforms and user experience across its lines of operations, investing in customer relationship management ("CRM") initiatives, improving the effectiveness of its marketing and promotional efforts, and expanding the availability of its offerings geographically, including through potential acquisitions and strategic transactions, among other things. To the extent the growth of the customer base of a reporting segment of the Corporation continues to decline, that segment's revenue growth will become increasingly dependent on its ability to increase levels of customer engagement and monetization.

Quarterly Net Yield (QNY)

The Corporation defines QNY as combined revenue for its lines of operation (i.e., Poker, Gaming and/or Betting, as applicable) for each reporting segment, excluding Other revenue, as reported during the applicable quarterly period (or as adjusted to the extent any accounting reallocations are made in later periods) divided by the total QAUs during the same period. For the three months ended September 30, 2018, QNY for the United Kingdom reporting segment also includes the applicable pre-acquisition period of July 1, 2018 through July 9, 2018. The numerator of QNY is a non-IFRS measure.

Trends in QNY are a measure of growth as the Corporation continues to expand its applicable core real-money online product offerings. In addition, the trends in the Corporation's ability to generate revenue on a per customer basis across its real-money online product offerings are reflected in QNY and are key factors that affect the Corporation's revenue. The Corporation also provides QNY using Constant Currency Revenue for the International reporting segment.

Many variables can impact a reporting segment's QNY, including, as applicable, the rake and fees charged in real-money online poker, the applicable margin of online casino games, Stakes and Betting Net Win Margin, the amount of time customers play on its product offerings, offsets to gross revenue for loyalty program rebates, rewards, bonuses, and promotions, VAT and similar taxes in certain jurisdictions, and the amount the applicable reporting segment spends on advertising and other similar expenses. The Corporation currently intends to increase QNY for its reporting segments in future periods by, among other things, and as applicable, (i) continuing to introduce new and innovative product offerings and other initiatives to enhance the customer experience and increase customer engagement, including through CRM initiatives to attract and retain high-value customers, (ii) capitalizing on its existing online poker platforms and offerings, which provides customers with the highest level of player liquidity globally, (iii) cross-selling its online offerings to both existing and new customers, and (iv) continuing to expand and improve its online gaming offerings.

Net Deposits

The Corporation defines Net Deposits for the International segment as the aggregate of gross deposits or transfer of funds made by customers into their real-money online accounts less withdrawals or transfer of funds by such customers from such accounts, in each case during the applicable quarterly period. Gross deposits exclude (i) any deposits, transfers or other payments made by such customers into the Corporation's play-money and social gaming offerings, and (ii) any real-money funds (cash and cash equivalents) deposited by the Corporation into such customers' previously funded accounts as promotions to increase their lifetime value.

Net Deposits are representative of the money the Corporation's customers hold in their accounts to potentially play with, both online and at certain live events. Net Deposits are correlated to the International segment's reported revenue, as some, all or none of such deposits may eventually be used and become revenue. Trends in Net Deposits are used by management to gauge expected revenue performance across the International segment's applicable lines of operations and are considered by management when making decisions with respect to applicable product offering changes, including the recent and continuing changes to the Corporation's online poker ecosystem to benefit and attract high-value, net-depositing customers (primarily recreational players).

Net Deposits are not, and should not be considered, representative of revenue bookings or deferred revenue. Many variables impact the International segment's Net Deposits, most of which are substantially similar to those noted above impacting the monetization of a product offering as evidenced through QNY. In addition, certain factors have impacted, and may in the future impact, Net Deposits that are not indicative of the performance or underlying health of that segment's business. For example, as it relates to online poker and following the implementation of certain previously disclosed changes to the poker ecosystem, the movement in customer real-money account balances (i.e., customer deposits) by high-volume, net-withdrawing customers has reduced, and may in the future reduce, Net Deposits as a result of increased withdrawals by such customers, but the Corporation believes that such movements will ultimately create a more attractive environment and experience for recreational players, which in turn may lead to increased Net Deposits. The Corporation believes that the funds in the accounts of the high-volume, net-withdrawing customers are generally not additive to the overall poker ecosystem or to the Corporation's revenue as such customers generally use only a small portion of them to bet or wager. As the Corporation continues to adjust and improve its product offerings, it expects that such customers may continue to withdraw at greater rates and amounts immediately following such adjustments and improvements, which would impact Net Deposits accordingly.

Stakes and Betting Net Win Margin

The Corporation defines Stakes as betting amounts wagered on the Corporation's applicable online betting product offerings, and is also an industry term that represents the aggregate amount of funds wagered by customers within the Betting line of operation for the period specified. Betting Net Win Margin is calculated as Betting revenue as a proportion of Stakes. The Corporation uses Stakes and Betting Net Win Margin as measures of the scale of its operations, the engagement of its customers and the performance of its operations across its product offerings and geographic regions. Trends in Stakes are a measure of growth in the Corporation's Betting line of operations as the Corporation continues to expand its applicable core real-money online betting offerings. Trends in Betting Net Win Margin are primarily a measure of the favorability of the outcomes of sporting and other events and the impact of promotional offerings related to the Corporation's betting offerings.

Many variables impact a reporting segment's Stakes, including, as applicable, its QAUs, the seasonality of sporting events throughout the year (such as timing of European football (or soccer) including English Premier League, horse races, rugby seasons, tennis, and others) and major tournaments, such as the FIFA World Cup ("World Cup") and UEFA European Championships. For example, the World Cup and other major sporting events provide a unique opportunity to drive both customer acquisition and engagement. Furthermore, the amount of external marketing and CRM promotions including free bets and offers and the Corporation's pricing strategy can lead to positive or negative "recycling of winnings". Similarly, betting outcomes can also lead to positive or negative "recycling of winnings". Recycling of winnings refers to customer winnings earned from prior bets that are subsequently used to place additional bets or play other products. The mix of products and markets is also an important driver of total Stakes.

Like Stakes, many variables also impact a reporting segment's Betting Net Win Margin, including client management and bet limits, sporting results, the mix of Stakes and bet types, and the use of offers, promotions and pricing strategy. For example, the International segment's Betting Net Win Margin is less exposed to the English Premier League and UK horse racing, and as such, is generally not impacted to the same extent by those particular sporting results as is the United Kingdom segment. Betting Net Win Margin can vary significantly from quarter to quarter depending on the variables noted above; however, over the long term, the Corporation believes these margins tend to become more predictable.

Limitations of Non-IFRS Measures, Key Metrics and Other Data

There are a number of limitations related to the use of such non-IFRS measures as opposed to their nearest IFRS equivalent. Some of these limitations are:

- these non-IFRS financial measures exclude or are otherwise adjusted for the applicable items listed in the reconciliation tables under "Reconciliations" below and as set forth in the definitions of such measures; and

- the income or expenses that the Corporation excludes in its calculation of these non-IFRS financial measures may differ from the income or expenses that its peer companies may exclude from similarly-titled non-IFRS measures that they report. In addition, although certain excluded income or expenses may have been incurred in the past or may be expected to recur in the future, management believes it is appropriate to exclude such income or expenses at this time as it does not consider them as on-going core operating income or expenses of the Corporation. Moreover, certain integration and related costs of the Acquisitions are or will be excluded as being more similar to acquisition-related costs rather than on-going core operating expenses. Management currently believes that, subject to unanticipated events or impacts of anticipated events, over time it should have fewer adjustments or the amounts of such adjustments should decrease, except for acquisition-related, market access or integration costs, which the Corporation may incur in the future based on the Corporation's strategic initiatives.

The numbers for the Corporation's key metrics and related information are calculated using internal company data based on the activity of customer accounts. While these numbers are based on what the Corporation believes to be reasonable judgments and estimates of its customer base for the applicable period of measurement, there are certain challenges and limitations in measuring the usage of its product offerings across its customer base. Such challenges and limitations may also affect the Corporation's understanding of certain details of its business. In addition, the Corporation's key metrics and related estimates, including the definitions and calculations of the same, may differ among reporting segments, from estimates published by third parties or from similarly-titled metrics of its competitors due to differences in operations, product offerings, methodology and access to information.

For example, the methodologies used to measure the Corporation's customer metrics may be susceptible to algorithm, calculation or other technical or human errors, including how certain metrics may be defined (and the assumptions and considerations made and included in, or excluded from, such definitions) and how certain data may be, among other things, integrated, analyzed and reported after the Corporation completes an acquisition or strategic transaction. Moreover, the Corporation's business intelligence tools may experience glitches or fail on a particular data backup or upload, which could lead to certain customer activity not being properly included in the calculation of a particular key metrics. Another challenge with respect to certain key metrics is that customers could create multiple real-money accounts with the Corporation (in nearly all instances such account creation would violate the Corporation's applicable terms and conditions of use), and customers could take advantage of certain customer acquisition incentives to register and interact with the Corporation's product offerings without actually depositing or transferring funds into their real-money accounts. Furthermore, customers may have more than one account across the Corporation's brands that currently do not have common or shared account structure, which could lead to such customers being counted more than once for a particular key metric. Although the Corporation typically addresses and corrects any such failures, duplications and inaccuracies relatively quickly, its metrics are still susceptible to the same and its estimations of such metrics may be lower or higher than the actual numbers.

The Corporation regularly reviews its processes for calculating and defining these metrics, and from time to time it may make adjustments to improve their accuracy that may result in the recalculation or replacement of historical metrics or introduction of new metrics. These changes may also include adjustments to underlying data, such as changes to historical figures as a result of accounting adjustments and revisions to definitions in an effort to provide what management believes may be the most helpful and relevant data. These changes may arise as a result of, among other things, the Corporation implementing new technology, software or accounting methods, engaging third-party advisors or consultants, or acquiring or integrating new assets, businesses or business units. The Corporation also continuously seeks to improve its ability to identify irregularities and inaccuracies (and suspend any customer accounts that violate its terms and conditions of use and limit or eliminate promotional incentives that are susceptible to abuse), and its key metrics or estimates of key metrics may change due to improvements or changes in its methodology. Notwithstanding, the Corporation believes that any such irregularities, inaccuracies or adjustments are immaterial unless otherwise stated.

OVERVIEW AND OUTLOOK

Business Overview and Background

The Stars Group is a global leader in the online and mobile gaming and interactive entertainment industries, entertaining millions of customers across its online real- and play-money poker, gaming and betting product offerings, which are delivered through mobile, web and desktop applications. The Stars Group offers these products directly or indirectly under several ultimately owned or licensed gaming and related consumer businesses and brands, including, among others, *PokerStars*, *PokerStars Casino*, *BetStars*, *Full Tilt*, *FOX Bet*, *BetEasy*, *Sky Bet*, *Sky Vegas*, *Sky Casino*, *Sky Bingo*, *Sky Poker*, and *Oddschecker*, as well as live poker tour and events brands, including the *PokerStars Players No Limit Hold'em Championship*, *European Poker Tour*, *PokerStars Caribbean Adventure*, *Latin American Poker Tour*, *Asia Pacific Poker Tour*, *PokerStars Festival* and *PokerStars MEGASTACK*. The Stars Group is one of the world's most licensed online gaming operators with its subsidiaries collectively holding licenses or approvals in 21 jurisdictions throughout the world, including in Europe, Australia and the Americas. The Stars Group's vision is to become the world's favorite iGaming destination and its mission is to provide its customers with winning moments.

The Stars Group's primary business and source of revenue is its online gaming and betting businesses. These currently consist of the operations of Stars Interactive Holdings (IOM) Limited and its subsidiaries and affiliates (collectively, "Stars Interactive Group"), which it acquired in August 2014, the operations of Cyan Blue Topco Limited and its subsidiaries and affiliates (collectively, "Sky Betting & Gaming" or "SBG"), which it acquired in July 2018 (the "SBG Acquisition"), and the operations of TSG Australia Pty Ltd and its subsidiaries and affiliates (collectively, "BetEasy"), which it acquired an 80% equity interest in between February 2018 and April 2018 (BetEasy acquired what was formally the William Hill Australia business in April 2018) (collectively, the "Australian Acquisitions" and together with the SBG Acquisition, the "Acquisitions"). With certain exceptions, The Stars Interactive Group is headquartered in the Isle of Man and Malta and operates globally; SBG is headquartered in and primarily operates in the United Kingdom; and BetEasy is headquartered in and primarily operates in Australia.

For additional information about The Stars Group, including a detailed overview of the business, current strategies and a discussion of the competitive landscape affecting The Stars Group, see the disclosure and discussion elsewhere in this MD&A and the 2018 Annual Information Form. For risks and uncertainties relating to, among other things, The Stars Group, its business, its customers, its regulatory and tax environment and the industries and geographies in which it operates or where its customers are located, see "Risk Factors and Uncertainties" above and in the 2018 Annual Information Form as well as the risks and uncertainties contained elsewhere herein, the Q2 2019 Financial Statements, the 2018 Annual Reports and in other filings that The Stars Group has made and may make in the future with applicable securities authorities. Except as noted herein, for information about The Stars Group's outlook, see the 2018 Annual Reports, particularly in the 2018 Annual Information Form, including under the headings "Business of the Corporation—Business Strategy of the Corporation" and "—Markets and Customers".

Recent Corporate and Other Developments

Below is a general summary of certain recent corporate and other developments from the beginning of the second quarter of 2019 through the date hereof. For additional corporate and other developments and highlights, see the Q2 2019 Financial Statements, the 2018 Annual Reports, particularly the 2018 Annual Information Form, and "Further Information" below.

FOX Sports Partnership

On May 8, 2019, the Corporation and FOX Sports ("FOX Sports"), a unit of Fox Corporation (Nasdaq: FOXA, FOX) ("FOX"), announced plans to launch FOX Bet, the first-of-its kind national media and sports wagering partnership in the United States. In addition to a commercial agreement of up to 25 years and associated product launches, FOX also acquired 14,352,331 newly issued Common Shares, representing 4.99% of the Corporation's then-issued and outstanding Common Shares, at a price of $16.4408 per share, for aggregate proceeds of $236.0 million. The Common Shares issued to FOX are subject to certain transfer restrictions for two years, subject to customary exceptions.

Under the commercial agreement, FOX Sports granted to the Corporation an exclusive license for the use of certain FOX Sports trademarks for a range of immersive games and online sports wagering, and certain exclusive advertising and editorial integration rights on certain FOX Sports broadcast media and digital assets. As part of the transaction, FOX Sports will receive certain brand license, integration and affiliate fees. In addition, during the term of the commercial agreement, the Corporation has agreed to a minimum annual advertising commitment on certain FOX media assets. Prior to the tenth anniversary of the commercial agreement, and subject to certain conditions and applicable gaming regulatory approvals, FOX Sports has the right to acquire up to a 50% equity stake in the Corporation's U.S. business.

Prepayment of First Lien Term Loans

In May 2019, the Corporation prepaid $250.0 million, including accrued and unpaid interest, of its USD First Lien Term Loan (as defined below), using the proceeds from the issuance of Common Shares to FOX as described above and cash on hand. For additional information, see "Liquidity and Capital Resources" below.

US Market Access Update

On July 9, 2019, the Corporation announced it entered into an agreement with Akwesasne Mohawk Casino Resort ("Mohawk") that grants the Corporation an option to operate and brand real-money online sports betting, poker and casino in New York on a first skin basis, subject to license availability, state law and regulatory approvals. The agreement also provides that the Corporation will provide support services for the launch and operation of a retail sportsbook at the Akwesasne Mohawk Casino Resort in Northern New York. Under the terms of the agreement, Mohawk will receive a revenue share from the operation of the applicable online offerings by the Corporation and the Corporation will receive a revenue share from the operation of the retail sportsbook from Mohawk.

On July 31, 2019, the Corporation announced it entered into an agreement with Penn National Gaming (Nasdaq: PENN) ("Penn") that grants it options to operate online betting and gaming offerings in the nine states where Penn currently owns or operates casino properties. As it relates to sports betting, the Corporation's options currently provide first skin access in Illinois, Indiana, Ohio and Texas, and second skin access in Kansas, New Mexico, Maine, Massachusetts and Michigan. Under the terms of the agreement, Penn received an up-front cash payment of $12.5 million and will receive a revenue share from the operation of the applicable offerings by the Corporation and potential additional cash payments upon and following the Corporation's exercise of each option.

As of the date hereof, the Corporation now has combined access to up to 20 states under its applicable market access agreements, subject to license availability, state law and regulatory approvals.

Appointment of Independent Director and Senior Management

On August 12, 2019, the Corporation announced the appointment by the Board of John Schappert to serve as a new independent director on the Board and a member of the Board's Compensation Committee and Technology Committee.

In July 2019, the Corporation also appointed Gino Appiotti as President of the International segment, having previously served as its Managing Director of Poker. Mr. Appiotti has served the Corporation in various senior capacities since 2011 and will report to Mr. Ashkenazi.

Technology Committee of the Board

On August 8, 2019, the Board established a standing Technology Committee of independent directors, which will have certain oversight and monitoring responsibilities with respect to technology-related risks and the overall role of technology in executing the corporation's business strategy. The Technology Committee is currently comprised of Eugene Roman, John Schappert and Mary Turner, with Mr. Roman serving as the chair.

CONSOLIDATED RESULTS OF OPERATIONS AND CASH FLOWS

Summary consolidated results of the Corporation's operations, cash flows and certain other items for the three and six months ended June 30, 2019 and 2018, and as at June 30, 2019 and December 31, 2018, as applicable, are set forth below:

In thousands of U.S. Dollars (except otherwise noted)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
Revenue						
Poker	194,210	216,986	(10.5)%	411,649	462,856	(11.1)%
Gaming	196,891	101,941	93.1 %	386,102	208,651	85.0 %
Betting	227,953	80,912	181.7 %	383,619	108,723	252.8 %
Other	18,564	11,673	59.0 %	36,632	24,173	51.5 %
Total revenue	**637,618**	**411,512**	**54.9 %**	**1,218,002**	**804,403**	**51.4 %**
Gross profit (excluding depreciation and amortization)	463,708	327,875	41.4 %	881,456	640,502	37.6 %
Gross profit margin (%)	72.7%	79.7%	(8.8)%	72.4%	79.6%	(9.0)%
Operating expenses						
General and administrative	276,440	262,786	5.2 %	535,797	404,093	32.6 %
Sales and marketing	79,915	54,899	45.6 %	164,258	104,317	57.5 %
Research and development	13,398	9,126	46.8 %	25,909	17,161	51.0 %
Operating income	**93,955**	**1,064**	**8,730.4 %**	**155,492**	**114,931**	**35.3 %**
Net financing charges	68,245	160,360	(57.4)%	115,222	198,711	(42.0)%
Net earnings from associates	—	(1,068)	100.0 %	—	(1,068)	100.0 %
Income tax expense (recovery)	21,081	(3,404)	719.3 %	7,983	(2,249)	455.0 %
Net earnings (loss)	**4,629**	**(154,824)**	**103.0 %**	**32,287**	**(80,463)**	**140.1 %**
Adjusted Net Earnings [1]	**137,469**	**131,023**	**4.9 %**	**243,069**	**269,785**	**(9.9)%**
Adjusted EBITDA [1]	**236,734**	**168,271**	**40.7 %**	**432,089**	**343,293**	**25.9 %**
Adjusted EBITDA Margin [1]	**37.1%**	**40.9%**	**(9.3)%**	**35.5%**	**42.7%**	**(16.9)%**
Earnings (loss) per share						
Basic ($/Share)	0.02	(1.01)	101.7 %	0.12	(0.52)	122.7 %
Diluted ($/Share)	0.02	(1.01)	101.7 %	0.12	(0.52)	122.6 %
Adjusted Diluted Net Earnings per Share ($/Share) [1]	**0.48**	**0.60**	**(19.4)%**	**0.87**	**1.27**	**(31.6)%**
Net cash inflows from operating activities	173,208	164,011	5.6 %	283,593	296,080	(4.2)%
Net cash outflows from investing activities	(36,034)	(230,757)	84.4 %	(68,790)	(334,594)	79.4 %
Net cash (outflows) inflows from financing activities	(73,553)	889,108	(108.3)%	(275,583)	861,289	(132.0)%
Free Cash Flow [1]	**84,820**	**84,856**	**— %**	**47,307**	**167,115**	**(71.7)%**

As at	June 30, 2019	December 31, 2018	% Change
Total assets	11,112,280	11,265,538	**(1.4)%**
Total non-current liabilities	5,727,649	6,100,164	**(6.1)%**

[1] Non-IFRS measure. A reconciliation to its nearest IFRS measure is provided under "Reconciliations" below.

The discussion below sets forth a summary of the results, trends and variances of the Corporation on a consolidated basis. For further discussion and detail of the individual segment results, trends and variances, including details of separate trends in revenue by individual line of operation for each segment, as applicable, and the Corporate cost center, see "Segment Results of Operations" below.

Revenue

Revenue for the three months ended June 30, 2019 increased $226.1 million, or 54.9%, compared to the prior year period. The increase was primarily driven by the SBG Acquisition, which contributed $252.9 million to revenue for the three-month period. With respect to the International and Australia segments, revenue movements in the quarter were primarily as a result of the factors set forth under “Segment Results of Operations—International—Revenue” and “Segment Results of Operations—Australia—Revenue”, respectively.

Revenue for the six months ended June 30, 2019 increased $413.6 million, or 51.4%, compared to the prior year period. The increase was primarily driven by the Acquisitions, which contributed $485.8 million to revenue for the six-month period. With respect to the International segment, revenue decreased in the quarter, primarily as a result of the factors set forth under “Segment Results of Operations—International—Revenue”.

With respect to Canada, the jurisdiction where its registered office is located, and based solely on calculations derived from internal records, the Corporation estimates that revenue derived from customers in Canada, which currently relates only to peer-to-peer Poker, represented less than 2.0% of its total consolidated revenue for each of the three and six months ended June 30, 2019 and less than 4.0% for each of the prior year periods. These estimations are neither itemized nor otherwise separated from the revenue the Corporation reports under IFRS or otherwise, and as such, they cannot be reconciled to a reported IFRS measure.

Foreign Exchange Impact on Revenue

The U.S. dollar was stronger against certain foreign currencies for the three months ended June 30, 2019 compared to the prior year period, which had a negative impact on the International segment’s revenue across all lines of operations. Using Constant Currency Revenue for the International segment in the consolidated results of operations for the three months ended June 30, 2019, revenue would have been $657.2 million, which is $19.6 million higher than actual IFRS revenues, and would have increased by 59.7%, as opposed to 54.9%, compared to the prior year period.

The U.S. dollar was stronger against certain foreign currencies for the six month period ended June 30, 2019 compared to the prior year period, which had a negative impact on the International segment’s revenue across all lines of operations. Using Constant Currency Revenue for the International segment in the consolidated results of operations for the six month period ended June 30, 2019, revenue would have been $1,270.0 million, which is $52.0 million higher than actual IFRS revenues, and would have increased by 57.9%, as opposed to 51.4%, compared to the prior year period.

For a discussion of Constant Currency Revenue for the International segment, see the discussion under “Segment Results of Operations—International—Revenue”.

Gross Profit (Excluding Depreciation and Amortization) and Gross Profit Margin

Gross profit (excluding depreciation and amortization) for the three months ended June 30, 2019 increased $135.8 million, or 41.4%, compared to the prior year period. The increase was primarily driven by the SBG Acquisition, which contributed $177.6 million to gross profit (excluding depreciation and amortization) for the three-month period. This was partially offset by the decrease in revenue and its impact on gross profit within the International segment as well as a reduction in gross profit in the Australian segment year-over-year due to the introduction of point of consumption taxes in the majority of Australian jurisdictions, each as described in “Segmental Results of Operations”. Gross profit margin for the three months ended June 30, 2019 was 72.7%, a decrease of 8.8% compared to the prior year period. The decrease was primarily driven by the change in revenue mix among and across geographies and lines of operations. For example, revenue in locally regulated or taxed geographies, which generally impose higher tax rates, gaming duties, levies and fees, represented approximately 79% of revenue in the three months ended June 30, 2019, compared to approximately 61% of revenue in the prior year period. In addition, Betting and Gaming revenue, which generally have lower gross profit margins than Poker, represented 67% of revenue in the three months ended June 30, 2019, compared to 44% of revenue in the prior year period.

Gross profit (excluding depreciation and amortization) for the six months ended June 30, 2019 increased $241.0 million, or 37.6%, compared to the prior year period. The increase was primarily driven by the Acquisitions, which contributed $320.4 million to gross profit (excluding depreciation and amortization) for the six-month period. This was partially offset by the decrease in revenue and its impact on gross profit within the International segment as described in “Segmental Results of Operations—International”. Gross profit margin for the six months ended June 30, 2019 was 72.4%, a decrease of 9.0% compared to the prior year period primarily driven by the same or substantially similar factors impacting the three month period noted above.

Operating Expenses

General and Administrative

General and administrative expenses for the three months ended June 30, 2019 increased $13.7 million, or 5.2%, compared to the prior year period. The increase was primarily driven by the SBG Acquisition, which added $108.5 million to general and administrative expenses for the three-month period. This was partially offset by a decrease in acquisition-related costs and deal contingent forwards in relation to the Acquisitions of which $95.6 million was incurred in the prior year period within the Corporate cost center.

General and administrative expenses for the six months ended June 30, 2019 increased $131.7 million, or 32.6%, compared to the prior year period. The increase was primarily driven by the Acquisitions, which added $227.4 million to general and administrative expenses for the six-month period. This was partially offset by a decrease in acquisition-related costs and deal contingent forwards in relation to the Acquisitions of which $110.8 million was incurred in the prior year period within the Corporate cost center.

Sales and Marketing

Sales and marketing expenses for the three months ended June 30, 2019 increased $25.0 million, or 45.6%, compared to the prior year period. The increase was primarily driven by the SBG Acquisition, which added $30.7 million to sales and marketing expenses for the quarter. This was partially offset by a reduction in marketing costs in the International segment, in part as a result of additional costs incurred in relation to the World Cup in the prior year period.

Sales and marketing expenses for the six months ended June 30, 2019 increased $59.9 million, or 57.5%, compared to the prior year period. The increase was primarily driven by the Acquisitions, which added $72.9 million to sales and marketing expenses for the quarter. This was partially offset by a reduction in marketing costs in the International segment due to substantially the same factor listed above for the three-month period.

Research and Development

Research and development expenses for the three months ended June 30, 2019 increased $4.3 million, or 46.8%, compared to the prior year period. The increase was primarily driven by the SBG Acquisition, which added $3.5 million to research and development expenses for the three-month period.

Research and development expenses for the six months ended June 30, 2019 increased $8.7 million, or 51.0%, compared to the prior year period. The increase was primarily driven by the Acquisitions, which added $9.0 million to research and development expenses for the six-month period.

Foreign Exchange Impact on Operating Expenses

The Corporation's expenses are impacted by currency fluctuations. Almost all of its expenses are incurred in either the Euro, British pound sterling, U.S. dollar, Canadian dollar or Australian dollar. There are some natural hedges as a result of customer deposits and revenue made in such currencies; however, the Corporation also enters into certain economic hedges to mitigate the impact of foreign currency fluctuations as it deems necessary. See "Liquidity and Capital Resources—Market Risk—Foreign Currency Exchange Risk" for further information on foreign currency risk.

Net Financing Charges

Net financing charges for the three months ended June 30, 2019 decreased $92.1 million, or 57.4%, compared to the prior year period. The decrease was primarily driven by (i) a $125.0 million loss on the extinguishment of debt recorded in the prior year period following the previously disclosed April 6, 2018 amendment, extension and upsizing of the Corporation's previous first lien term loans and credit facility, (ii) a $12.2 million gain related to the re-measurement of an embedded derivative recognized in respect of the Senior Notes (as defined below), and (iii) a $7.0 million reduction resulting from the downward re-measurement of the deferred contingent consideration with respect to the acquisition of an additional 18% equity interest in BetEasy during the second quarter of 2018. This was partially offset by increased interest of $41.3 million on the Corporation's long-term debt primarily related to the First Lien Term Loans (as defined below) and Senior Notes after the effects of hedging activities.

Net financing charges for the six months ended June 30, 2019 decreased $83.5 million, or 42.0%, compared to the prior year period. The decrease was primarily driven by (i) the $125.0 million loss on the extinguishment of debt recorded in the prior year period, (ii) a $34.8 million embedded derivative re-measurement gain, and (iii) a $16.4 million reduction resulting from the downward re-measurement of the deferred contingent consideration as noted above. This was partially offset by increased interest of $82.0 million on the Corporation's long-term debt primarily related to the First Lien Term Loans and Senior Notes after the effects of hedging activities.

Income Taxes

Income tax expense for the three months ended June 30, 2019 was $21.1 million as compared to an income tax recovery of $3.4 million in the prior year period, which resulted in effective tax rates of 82.0% and 2.2%, respectively. Income taxes for the three months ended June 30, 2019 include an income tax recovery of $10.3 million in relation to the amortization expense of acquired intangible assets from the Acquisitions as compared to $1.4 million for the prior year period.

The income tax expense for the six months ended June 30, 2019 was $8.0 million as compared to an income tax recovery of $2.2 million in the prior year period, which resulted in effective tax rates 19.8% and 2.7%, respectively. The income taxes for the six months ended June 30, 2019 include an income tax recovery of $23.2 million in relation to the amortization expense of acquired intangible assets from the Acquisitions as compared to $1.8 million for the prior year period.

The Corporation’s income taxes for the current period were impacted by the tax recovery on amortization as noted above, the mix of taxable earnings among and across geographies, with an increase in taxable earnings following the Acquisitions in geographies with higher statutory corporate tax rates, and the recognition of deferred tax, as a result of the transfer of customer intangible rights from the Isle of Man to Malta in connection with an internal corporate restructuring, and Australian business continuity tax law change allowing recognition of certain acquired assets. The Corporation expects the mix of taxable earnings to continue to impact income tax expense in future periods as the Corporation’s International segment continues to operate primarily in the Isle of Man and Malta, but its Sky Betting and Gaming and BetEasy businesses operate primarily in the United Kingdom and Australia, respectively, where statutory corporate income tax rates are higher than those in the Isle of Man and Malta.

Net Earnings (Loss)

Net earnings for the three months ended June 30, 2019 was $4.6 million, an increase of 103.0%, compared to net loss of $154.8 million in the prior year period. The increase was primarily driven by (i) the $125.0 million loss on the extinguishment of debt in the prior year period as noted above and (ii) the $95.6 million of acquisition-related costs and deal contingent forwards incurred in connection with the Acquisitions each recorded in the prior year period as noted above. This was partially offset by a $56.3 million increase in the amortization of acquired intangibles from the Acquisitions.

Net earnings for the six months ended June 30, 2019 was $32.3 million, an increase of 140.1%, compared to net loss of $80.5 million in the prior year period. The increase was primarily driven by (i) the $125.0 million loss on the extinguishment of debt in the prior year period as noted above and (ii) the $110.8 million of acquisition-related costs and deal contingent forwards incurred in connection with the Acquisitions each recorded in the prior year period as noted above. This was partially offset by a $114.9 million increase in the amortization of acquired intangibles from the Acquisitions.

Basic and Diluted Net Earnings (Loss) per Share

Basic net earnings per share for the three months ended June 30, 2019 was $0.02, an increase of 101.7%, compared to basic net loss per share of $1.01 for the prior year period, based on weighted average Common Shares outstanding of 281,689,369 and 152,788,098, respectively. Diluted net earnings per share for the three months ended June 30, 2019 was $0.02, an increase of 101.7%, compared to diluted net loss per share of $1.01 for the prior year period, based on weighted average Common Shares outstanding of 282,399,213 and 152,788,098, respectively. The increases were both primarily driven by the increase in net earnings as noted above. This was partially offset by the increases in the weighted average Common Shares outstanding, which were primarily the result of the previously disclosed issuances of Common Shares in connection with the 2018 primary underwritten offering of Common Shares, the Corporation’s mandatory conversion of its preferred shares, the SBG Acquisition, and U.S. market access arrangements during 2018 as well as in connection with the previously announced partnership with FOX Sports. Diluted net loss per share for the prior year period was further negatively impacted as all potentially dilutive securities of the Corporation (i.e., securities exercisable or convertible into Common Shares or equity-based awards that can be settled into Common Shares), were not included in the weighted average Common Share amount above used to calculate diluted earnings (loss) per share because the exercise, conversion or settlement of such securities would be anti-dilutive.

Basic net earnings per share for the six months ended June 30, 2019 was $0.12, an increase of 122.7%, compared to basic net loss per share of $0.52 for the prior year period, based on weighted average Common Shares outstanding of 277,557,011 and 150,523,119, respectively. Diluted net earnings per share for the six months ended June 30, 2019 was $0.12, an increase of 122.6%, compared to diluted net loss per share of $0.52 for the prior year period, based on weighted average Common Shares outstanding of 278,181,337 and 150,523,119, respectively. The increases were primarily driven by the same or substantially similar factors as listed above for the three-month period.

Adjusted EBITDA, Adjusted Net Earnings, and Adjusted Diluted Net Earnings per Share

The primary adjustment from operating income to Adjusted EBITDA for the three and six months ended June 30, 2019 was depreciation and amortization, which increased by $64.5 million and $134.5 million, respectively, compared to the prior year periods, primarily driven by the Acquisitions. In addition to depreciation and amortization, total adjustments and reconciling items collectively decreased by $88.9 million and $86.3 million for the three and six months ended June 30, 2019, respectively, compared to the prior year periods primarily as a result of acquisition-related costs and deal contingent forwards incurred in the prior year period in connection with the Acquisitions as described above. Solely in respect of the six months ended June 30, 2019, this decrease in total adjustments and reconciling items was partially offset by an increase in Other costs (as described in more detail below under the heading "Reconciliations"), which increased $21.8 million largely due to increases in professional fees unrelated to core activities, including the previously announced partnership with FOX Sports and transactions in connection with obtaining potential access to jurisdictions within the United States in which the Corporation currently does not operate, as well as increases to restructuring expenses and certain investigation professional fees.

As it relates to Adjusted Net Earnings and Adjusted Diluted Net Earnings per Share for the three and six months ended June 30, 2019, the primary adjustments from net earnings (loss) and diluted net earnings (loss) per share were (i) the amortization of acquisition intangibles, which increased by $56.3 million and $114.9 million, respectively, compared to the prior year periods, primarily as driven by the Acquisitions, and (ii) gains recorded due to the re-measurement of an embedded derivative recognized in respect of the Senior Notes and of deferred contingent consideration with respect to the acquisition of an additional 18% equity interest in BetEasy during the second quarter of 2018, all as noted above. The prior year periods also included adjustments for (i) a loss on the extinguishment of debt and (ii) acquisition-related costs and deal contingent forwards, each as noted above. Diluted Shares used in the calculation of Adjusted Diluted Net Earnings per Share is consistent with the weighted average Common Shares outstanding used for diluted earnings (loss) per share.

For additional information regarding Adjusted EBITDA, Adjusted Net Earnings and Adjusted Diluted Net Earnings per Share, including applicable definitions and explanations of the relative usefulness of such measures, see "Non-IFRS Measures, Key Metrics and Other Data—Non-IFRS Measures" above. For quantitative reconciliations of such measures to their nearest IFRS measures, see "Reconciliations" below.

Cash Flows by Activity

Cash inflows from Operating Activities

Cash inflows from operating activities for the six months ended June 30, 2019 decreased $12.5 million, or 4.2%, compared to the prior year period. The decrease was primarily driven by (i) $57.4 million of cash outflows in relation to non-cash working capital movements compared to inflows of $18.5 million in the prior year period, and (ii) an increase of $30.7 million in cash income taxes paid by the Corporation as a result of corporate tax payments in the six-month period as well as the settlement of certain tax matters in Australia. This was partially offset by the increase in revenue and gross profit generated from the Corporation's underlying operations, including the impacts of the Acquisitions, each as noted above.

Cash outflows from Investing Activities

The Corporation's cash outflows from investing activities during the six months ended June 30, 2019 were primarily driven by the capital expenditures relating to the deferred development costs from (i) investments in online gaming product offerings, including the development of new content and technology platforms, and (ii) maintenance investments in existing product offerings and their supporting technology platforms.

Cash outflows from Financing Activities

During the six months ended June 30, 2019, the Corporation's cash flows outflows from financing activities were primarily driven by (i) interest and principal payments (including voluntary prepayments totaling $350 million) on the First Lien Term Loans, and the first semi-annual interest payment of $36.0 million on the Senior Notes, and (ii) principal payments of $8.1 million and interest on the Corporation's lease liabilities, which, following the adoption of IFRS 16, are now reported as financing activities as opposed to operating activities. These outflows were partially offset by the proceeds from the issuance of Common Shares to FOX, as noted above. For additional information see "Liquidity and Capital Resources—Long-Term Debt" below and note 9 to the Q2 2019 Financial Statements.

Free Cash Flow

Free Cash Flow for the six months ended June 30, 2019 decreased $119.8 million, or 71.7%, compared to the prior year period. The decrease was primarily driven by (i) increased cash interest and non-voluntary principal payments, including the $36.0 million semi-annual interest payment on the Senior Notes noted above, and (ii) increased capital expenditures as the Corporation continued to invest in future product improvements and market expansion.

For additional information regarding Free Cash Flow, including an applicable definition and explanation of the relative usefulness of this measure, see “Non-IFRS Measures, Key Metrics and Other Data—Non-IFRS Measures” above. For a quantitative reconciliation of this measure to its nearest IFRS measure, see “Reconciliations” below.

Total Assets

Total assets as at June 30, 2019 decreased by $153.3 million, or 1.4%, from December 31, 2018. This decrease was primarily driven by decreases in (i) goodwill and intangible assets due to amortization and foreign exchange fluctuations, and (ii) decreases in operational cash as a result of the cash flow movements as described above. This was partially offset by an increase to property plant and equipment following the adoption of IFRS 16, which resulted in the recognition of right-of-use assets of $57.3 million as at January 1, 2019.

Total Non-Current Liabilities

Total non-current liabilities as at June 30, 2019 decreased by $372.5 million, or 6.1%, from December 31, 2018. This decrease was primarily driven by a decrease in long-term debt as a result of (i) principal repayments made on the USD First Lien Term Loan in the six-month period including $350 million in voluntary pre-payments as noted above and (ii) the movement of the deferred contingent payment of $64.7 million on the acquisition of a non-controlling interest in BetEasy from non-current to current due to its contractual due date. This was partially offset by increases in (i) derivative liabilities primarily in relation to the Swap Agreements (as defined below) and (ii) the recognition of lease liabilities of $44.1 million as at June 30, 2019 in relation to the adoption of IFRS 16.

SEGMENT RESULTS OF OPERATIONS

During the third fiscal quarter of 2018, the Corporation added an additional reporting segment, and it currently has three reporting segments, International, United Kingdom and Australia, each with certain major lines of operations, including Poker, Gaming, Betting and Other, as applicable, and a Corporate cost center. See above under “Management’s Discussion and Analysis” and note 5 of the Q2 2019 Financial Statements. Prior quarterly segmental results and information presented in this MD&A have been recast to be presented in a manner consistent with the changed reporting segments.

International

As at June 30, 2019, the International reporting segment included the Stars Interactive Group business, which operates across all lines of operations and in various jurisdictions around the world, including in the United Kingdom.

In thousands of U.S. Dollars (except otherwise noted)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	% Change	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018	% Change
Stakes	*249,276*	*248,572*	*0.3 %*	*524,535*	*471,557*	*11.2 %*
Betting Net Win Margin (%)	*7.3%*	*7.9%*	*(7.6)%*	*7.3%*	*7.7%*	*(5.2)%*
Revenue						
Poker	191,496	216,986	(11.7)%	405,645	462,856	(12.4)%
Gaming	104,300	101,941	2.3 %	203,208	208,651	(2.6)%
Betting	18,284	19,635	(6.9)%	38,333	36,321	5.5 %
Other	7,792	11,673	(33.2)%	15,299	24,173	(36.7)%
Total revenue	**321,872**	**350,235**	**(8.1)%**	**662,485**	**732,001**	**(9.5)%**
Gross profit (excluding depreciation and amortization)	**248,911**	**281,076**	**(11.4)%**	**509,353**	**585,922**	**(13.1)%**
Gross profit margin (%)	77.3%	80.3%	(3.7)%	76.9%	80.0%	(3.9)%
General and administrative	107,259	106,447	0.8 %	206,234	211,667	(2.6)%
Sales and marketing [1]	36,863	42,255	(12.8)%	77,145	87,224	(11.6)%
Research and development	9,287	8,358	11.1 %	15,889	16,177	(1.8)%
Operating income	**95,502**	**124,016**	**(23.0)%**	**210,085**	**270,854**	**(22.4)%**
Adjusted EBITDA [2]	**143,223**	**164,467**	**(12.9)%**	**302,563**	**350,874**	**(13.8)%**
Adjusted EBITDA Margin (%) [2]	**44.5%**	**46.9%**	**(5.1)%**	**45.7%**	**47.9%**	**(4.6)%**

1. Sales and marketing includes $1.2 million and $2.7 million for the three and six months ended June 30, 2019, respectively, that the Corporation excluded from its consolidated results as it related to certain non-gaming related transactions with the United Kingdom segment. A corresponding exclusion in the consolidated results is recorded to Other revenue for amounts included in the United Kingdom segment in respect of these transactions.
2. Non-IFRS measure. A reconciliation to its nearest IFRS measure is provided under “Reconciliations” below.

Revenue

a) Poker

Poker revenue for the three months ended June 30, 2019 decreased $25.5 million, or 11.7%, compared to the prior year period. Constant Currency Revenue for Poker for the three months ended June 30, 2019 was $201.8 million, which is $10.3 million greater than actual IFRS revenue. Excluding the impact of year-over-year changes in foreign exchange rates, such revenue for the three months ended June 30, 2019 would have decreased by 7.0%. This decrease was primarily driven by continued headwinds in certain markets including reduced customer deposits as a result of local restrictions on some methods of payment processing and on certain methods of downloading The Stars Group’s poker applications, which was partially offset by continued organic growth in most other markets.

Poker revenue for the six months ended June 30, 2019 decreased $57.2 million, or 12.4%, compared to prior year period. Constant Currency Revenue for Poker for the six months ended June 30, 2019 was $436.7 million, which is $31.0 million greater than actual IFRS revenue. Excluding the impact of year-over-year changes in foreign exchange rates, such revenue for the six months ended June 30, 2019 would have decreased by 5.7%. The decrease was primarily driven by the same or substantially similar factors as listed above for the three-month period.

b) Gaming

Gaming revenue for the three months ended June 30, 2019 increased $2.4 million, or 2.3%, compared to the prior year period. Constant Currency Revenue for Gaming for the three months ended June 30, 2019 was $111.1 million, which is $6.8 million greater than actual IFRS revenue. Excluding the impact of year-over-year changes in foreign exchange rates, such revenue for the three months ended June

30, 2019 would have increased by 8.9%. This increase was primarily driven by (i) product and content improvements to the Corporation's real-money online casino offerings, including products such as "Spin of the Day", which increased customer activity, and (ii) increased cross-selling from other lines of operations driven by targeted marketing campaigns across the International segment's customer base. The increase was partially offset by the cessation of operations in certain markets for gaming products, notably Switzerland and Slovakia.

Gaming revenue for the six months ended June 30, 2019 decreased $5.4 million, or 2.6%, compared to the prior year period. Constant Currency Revenue for Gaming for the six months ended June 30, 2019 was $219.2 million, which is $16.0 million greater than actual IFRS revenue. Excluding the impact of year-over-year changes in foreign exchange rates, such revenue for the six months ended June 30, 2019 would have increased by 5.0%. The increase was primarily driven by the same or substantially similar factors as listed above for the three-month period.

c) Betting

Betting revenue for the three months ended June 30, 2019 decreased $1.4 million, or 6.9%, compared to the prior year period. Constant Currency Revenue for Betting for the three months ended June 30, 2019 was $18.4 million, which is $0.1 million greater than actual IFRS revenue. Excluding the impact of year-over-year changes in foreign exchange rates, such revenue for the three months ended June 30, 2019 would have decreased by 6.2%. This reduction was driven by a lower than the long-term historical average Betting Net Win Margin, which was primarily the result of the factors discussed below under "Key Metrics—International Segment Stakes and Betting Net Win Margin".

Betting revenue for the six months ended June 30, 2019 increased $2.0 million, or 5.5%, compared to the prior year period. Constant Currency Revenue for Betting for the six months ended June 30, 2019 was $40.3 million, which is $2.0 million greater than actual IFRS revenue. Excluding the impact of year-over-year changes in foreign exchange rates, such revenue for the six months ended June 30, 2019 would have increased by 11.0% as the reduction in revenue in the second quarter of 2019 as discussed above was offset by year-over-year growth in the first quarter of 2019. Revenue was also negatively impacted by a lower than the long-term historical average Betting Net Win Margin, which was primarily the result of the factors discussed below under "Key Metrics—International Segment Stakes and Betting Net Win Margin".

Gross Profit (Excluding Depreciation and Amortization) and Gross Profit Margin

Gross profit (excluding depreciation and amortization) for the three months ended June 30, 2019 decreased $32.2 million, or 11.4%, compared to the prior year period. This was driven by the decrease in revenue as described above and a reduction in gross profit margin. Gross profit margin for the three months ended June 30, 2019 was 77.3%, a decrease of 3.7% compared to the prior year period. This was primarily driven by the impact of gaming duties and taxes as a result of regulatory changes and mix of revenue by geography as well as the growth in the casino vertical, which typically generates a lower gross profit margin than poker.

Gross profit (excluding depreciation and amortization) for the six months ended June 30, 2019 decreased $76.6 million, or 13.1%, compared to the prior year period. This was also primarily driven by the decrease in revenue as described above and a reduction in gross profit margin. Gross profit margin for the six months ended June 30, 2019 was 76.9%, a decrease of 3.9% compared to the prior year. The decreases were primarily driven by the same or substantially similar factors as listed above for the three-month period.

Operating Expenses

General and Administrative

General and administrative expenses for the three and six months ended June 30, 2019 were relatively flat compared to the prior year periods.

Sales and Marketing

Sales and marketing expenses for the three months ended June 30, 2019 decreased $5.4 million, or 12.8%, compared to the prior year period, driven, in part, by investment in marketing for the World Cup in the prior year period as well as the timing of marketing spend, schedule of promotional activities and initiatives, and related commitments with respect to the same for the remainder of the year.

Sales and marketing expenses for the six months ended June 30, 2019 decreased $10.1 million, or 11.6%, compared to the prior year period driven by the same or substantially similar factors as listed above for the three-month period.

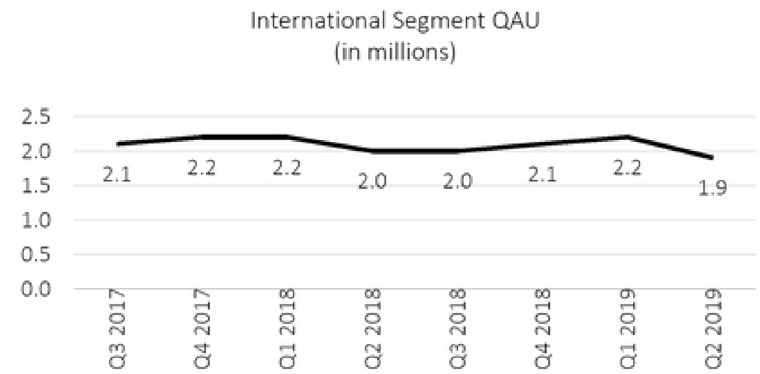
Research and Development

Research and development expenses for the three months ended June 30, 2019 increased $0.9 million, or 11.1%, compared to prior year period as the Corporation continued to invest in online gaming product offerings, including the development of new content and technology platforms.

Research and development expenses for the six months ended June 30, 2019 decreased $0.3 million, or 1.8%, compared to the prior year period. The decrease was primarily driven by the Corporation's capitalization (as opposed to expensing) of a higher proportion of research and development expenses in the six-month period as permitted under IAS 38, *Intangible assets* as compared to the prior year period, despite the Corporation's increased total investment in technology in the quarter.

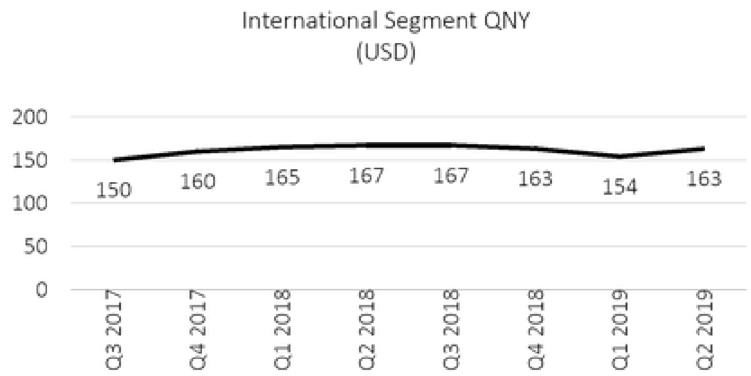
Key Metrics

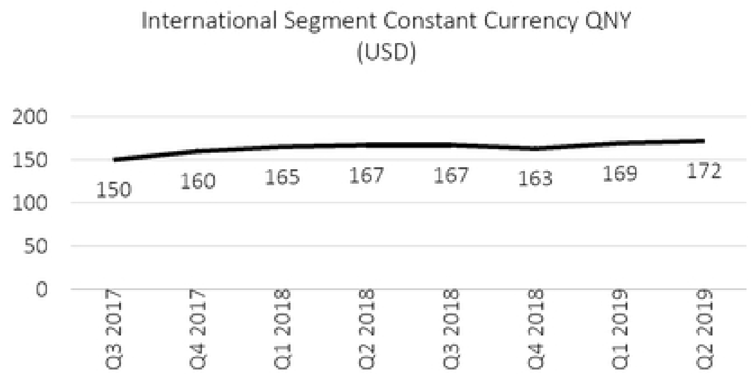
International Segment QAUs



The segment's combined QAUs for the three months ended June 30, 2019 was 1.9 million, a decrease of 4.9%, compared to the prior year period. The Corporation believes that this was primarily driven by (i) reduced activity in certain markets as a result of local restrictions on some methods of payment processing and on certain methods of downloading The Stars Group's poker applications, (ii) the cessation of operations in certain markets, notably Switzerland and Slovakia, and (iii) its continued strategy of focusing on positive return CRM initiatives to attract high-value, net depositing customers (primarily recreational players), which has resulted, and may continue to result, in a decrease in certain lower value customers. Notwithstanding, the Corporation's QAUs for this segment were positively impacted by the underlying growth and expansion of its real-money online casino and betting product offerings. For a description of the variables and other factors that can impact QAUs, see "Non-IFRS Measures, Key Metrics and Other Data—Key Metrics and Other Data" above.

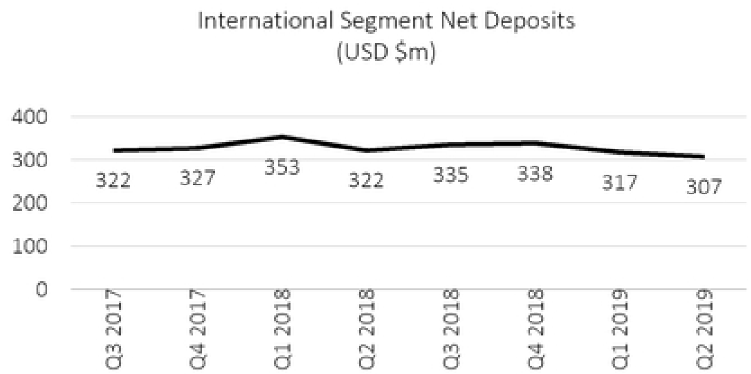
International Segment QNY





The segment's QNY for the three months ended June 30, 2019 was $163, a decrease of 2.4%, compared to the prior year period primarily due to the same or substantially similar factors impacting revenue as described above, partially offset by the decrease in QAUs noted above. The segment's QNY calculated using Constant Currency Revenue for the three months ended June 30, 2019 was $172, an increase of 2.9% over the prior year period, which reflects growth across the Corporation's online gaming product offerings within the segment, primarily driven by increased cross-selling of poker customers to those offerings. This cross-selling is driven in part by the Corporation's strategy of focusing on higher value recreational players, with the *Stars Rewards* loyalty program encouraging gameplay across all products and lines of operations. For a description of certain variables and other factors that can impact QNY, see "Non-IFRS Measures, Key Metrics and Other Data—Key Metrics and Other Data" above.

International Segment Net Deposits



The segment's Net Deposits for the three months ended June 30, 2019 were $306.5 million, a decrease of 4.7%, compared to the prior year period. The Corporation believes that this was primarily driven by the negative impacts from foreign exchange fluctuations, reduced customer deposits from markets impacted by local restrictions on select methods of payment processing and on certain methods of downloading The Stars Group's poker applications as noted above, and the cessation of real-money operations in certain markets, notably Switzerland and Slovakia. This was partially offset by growth on a constant currency basis in certain other countries. For a description of certain variables and other factors that can impact Net Deposits, see "Non-IFRS Measures, Key Metrics and Other Data—Key Metrics and Other Data" above.

International Segment Stakes and Betting Net Win Margin

The segment's Stakes for the three months ended June 30, 2019 were $249.3 million, which was relatively flat compared to the prior year period as underlying organic growth in the quarter was offset by the impact of the World Cup, which had a favorable impact on Stakes in the prior year period.

Stakes for the six months ended June 30, 2019 were $524.5 million, an increase of 11.2%, compared to prior year period. The increase was primarily driven by an increase in wagering activity on a per customer basis on the International segment's sports betting offerings, as a result of an improved product offering, the inclusion of *Sky Bet by Stars* in Italy as part of the International segment, and the same or substantially similar factors as listed above for the three-month period.

The segment's Betting Net Win Margin for the three months ended June 30, 2019 was 7.3%, a decrease of 0.6 percentage points, compared to the prior year period. The decrease was primarily driven by operator unfavorable sporting results in the period.

The segment's Betting Net Win Margin for the six months ended June 30, 2019 was 7.3%, a decrease of 0.4 percentage points, compared to the prior year period. The decrease was primarily driven by the same or substantially similar factors as listed above for the three-month period. For a description of certain variables and other factors that can impact Stakes and Betting Net Win Margin, see "Non-IFRS Measures, Key Metrics and Other Data—Key Metrics and Other Data" above.

United Kingdom

As at June 30, 2019, the United Kingdom reporting segment consisted of the SBG business.

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands of U.S. Dollars (except otherwise noted)	2019	2018	% Change	2019	2018	% Change
Stakes	*1,507,379*	—	—%	*3,012,351*	—	—%
Betting Net Win Margin (%)	*9.7%*	—%	—%	*7.3%*	—%	—%
Revenue						
Poker	2,714	—	—%	6,004	—	—%
Gaming	92,591	—	—%	182,894	—	—%
Betting	146,443	—	—%	220,940	—	—%
Other [1]	11,128	—	—%	22,135	—	—%
Total revenue	**252,876**	**—**	**—%**	**431,973**	**—**	**—%**
Gross profit (excluding depreciation and amortization)	**177,621**	**—**	**—%**	**299,146**	**—**	**—%**
Gross profit margin (%)	70.2%	—%	—%	69.3%	—%	—%
General and administrative	108,488	—	—%	217,075	—	—%
Sales and marketing	30,717	—	—%	65,311	—	—%
Research and development	3,535	—	—%	7,871	—	—%
Operating income	**34,881**	**—**	**—%**	**8,889**	**—**	**—%**
Adjusted EBITDA [2]	**101,053**	**—**	**—%**	**143,272**	**—**	**—%**
Adjusted EBITDA Margin (%) [2]	**40.0%**	**—%**	**—%**	**33.2%**	**—%**	**—%**

[1] Other revenue includes $1.2 million and $2.7 million for the three and six months ended June 30, 2019, respectively, that the Corporation excluded from its consolidated results as it related to certain non-gaming related transactions with the International segment. A corresponding exclusion in the consolidated results is recorded to sales and marketing for amounts included in the International segment in respect of these transactions.
[2] Non-IFRS measure. A reconciliation to its nearest IFRS measure is provided under “Reconciliations” below.

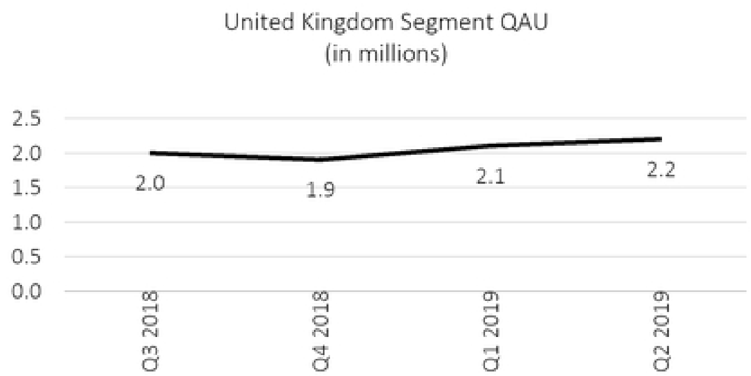
Revenue for the three months ended June 30, 2019 was $252.9 million. Gross profit for the same period was $177.6 million, resulting in a gross profit margin of 70.2%. Revenue and gross profit for the three-month period were driven by strong growth in QAUs and Stakes, primarily as a result of the increased promotional activities in the prior quarter, particularly related to and during the four-day Cheltenham Festival, one of the UK’s largest annual horse racing events, which drove record levels of new Sky Bet depositing customers in a single week, as well as a Betting Net Win Margin of 9.7%, above the long-term average of 9.0%, as discussed below.

Revenue for the six months ended June 30, 2019 was $432.0 million. Gross profit for the same period was $299.1 million, resulting in a gross profit margin of 69.3%. Revenue and gross profit for the six months ended June 30, 2019 were driven by growth in Stakes and QAUs, which was offset by a Betting Net Win Margin of 7.3%, below the long-term average of 9.0%, as discussed below.

For a description of certain seasonal trends and other factors impacting this segment’s results, see “Summary of Quarterly Results” below.

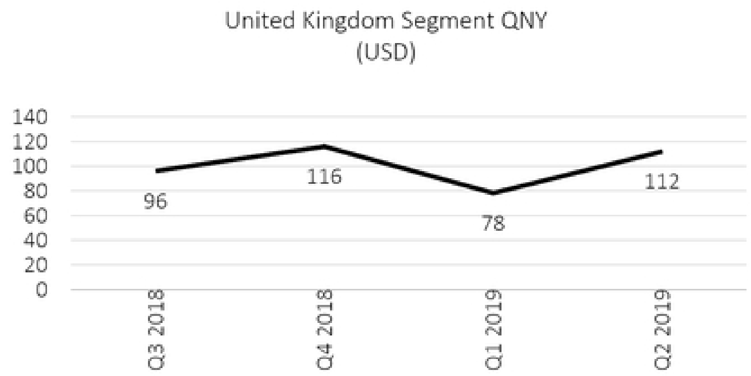
Key Metrics

United Kingdom Segment QAUs



The segment’s combined QAUs for the three months ended June 30, 2019 was 2.2 million, which was the highest number of QAUs achieved by Sky Betting & Gaming. The Corporation believes that this was primarily a result of the increased promotional activities in the prior quarter, particularly with respect to the Cheltenham Festival as noted above. The growth in QAUs was also positively impacted by the launch of certain innovative or new products, such as Sky Bingo Arcade and Sky Lotto, a new free-to-play game, which the Corporation believes resulted in improved customer acquisition and retention. For a description of certain variables and other factors that can impact QAUs, see “Non-IFRS Measures, Key Metrics and Other Data—Key Metrics and Other Data” above.

United Kingdom Segment QNY



The segment's QNY for the three months ended June 30, 2019 was $112, which the Corporation believes was primarily a result of continued growth in revenue and QAUs as noted above. For a description of certain variables and other factors that can impact QNY, see "Non-IFRS Measures, Key Metrics and Other Data—Key Metrics and Other Data" above.

United Kingdom Segment Stakes and Betting Net Win Margin

The segment's Stakes for the three months ended June 30, 2019 were $1.51 billion, with a Betting Net Win Margin of 9.7%. Stakes remained strong as a result of ongoing positive trends in customer acquisition and engagement, with increased QAUs and wagering activity, and the success of increased promotional activity during the three months ended March 31, 2019, particularly with respect to the Cheltenham Festival as noted above. Betting Net Win Margin for the quarter was slightly above the long-term average of around 9% primarily due to operator favorable sporting results during the period.

Stakes for the six months ended June 30, 2019 were $3.01 billion, with a Betting Net Win Margin of 7.3%. Stakes remained strong as a result of the same or substantially similar factors as listed above for the three-month period. Betting Net Win Margin for the period was below the long-term average of around 9% due to a combination of the promotional activity with respect to the Cheltenham Festival as noted above and operator unfavorable sporting results in the three months ended March 31, 2019. This was partially offset by operator favorable sporting results in the three months ended June 30, 2019.

Based on the segment's reported Stakes for the three months ended June 30, 2019, a 10 basis points increase or decrease in the Betting Net Win Margin would result in an increase or decrease to revenue of $1.5 million, respectively. For a description of certain variables and other factors that can impact Stakes and Betting Net Win Margin, see "Non-IFRS Measures, Key Metrics and Other Data—Key Metrics and Other Data" above.

Australia

As at June 30, 2019, the Australia reporting segment consisted of the BetEasy business, in which the Corporation held an 80% equity interest. The Corporation acquired a 62% equity interest in BetEasy on February 27, 2018 and a further 18% interest on April 24, 2018, with BetEasy acquiring what was formerly the William Hill Australia business on the same day.

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands of U.S. Dollars (except otherwise noted)	2019	2018	% Change	2019	2018	% Change
Stakes	*742,312*	*710,269*	*4.5 %*	*1,496,638*	*867,726*	*72.5 %*
Betting Net Win Margin (%)	*8.5%*	*8.6%*	*(1.2)%*	*8.3%*	*8.3%*	*— %*
Revenue						
Betting	63,226	61,277	3.2 %	124,346	72,402	71.7 %
Other	844	—	— %	1,898	—	— %
Total revenue	**64,070**	**61,277**	**4.6 %**	**126,244**	**72,402**	**74.4 %**
Gross profit (excluding depreciation and amortization)	**38,376**	**46,799**	**(18.0)%**	**75,657**	**54,435**	**39.0 %**
Gross profit margin (%)	59.9%	76.4%	(21.6)%	59.9%	75.2%	(20.3)%
General and administrative	28,821	40,270	(28.4)%	54,903	44,607	23.1 %
Sales and marketing	13,304	12,262	8.5 %	24,068	16,473	46.1 %
Research and development	576	768	(25.0)%	2,149	984	118.4 %
Operating loss	**(4,325)**	**(6,501)**	**33.5 %**	**(5,463)**	**(7,629)**	**28.4 %**
Adjusted EBITDA [1]	**7,192**	**13,489**	**(46.7)%**	**15,822**	**12,643**	**25.1 %**
Adjusted EBITDA Margin (%) [1]	**11.2%**	**22.0%**	**(49.1)%**	**12.5%**	**17.4%**	**(28.2)%**

[1] Non-IFRS measure. A reconciliation to its nearest IFRS measure is provided under "Reconciliations" below.

Revenue

Betting revenue for the three months ended June 30, 2019 increased $1.9 million, or 3.2%, compared to the prior year period, primarily driven by increased Stakes as a result of the factors discussed below under "Key Metrics—Australia Segment Stakes and Betting Net Win Margin", with Betting Net Win Margin remaining relatively flat compared to the prior year period.

Betting revenue for the six months ended June 30, 2019 increased $51.9 million, or 71.7%, compared to the prior year period. This increase was primarily driven by increased Stakes, as a result of the factors discussed below under "Key Metrics—Australia Segment Stakes and Betting Net Win Margin".

Gross Profit (Excluding Depreciation and Amortization) and Gross Profit Margin

Gross profit (excluding depreciation and amortization) for the three months ended June 30, 2019 decreased $8.4 million, or 18.0%, compared to the prior year period. Gross profit margin for the three months ended June 30, 2019 was 59.9%, a decrease of 21.6%, compared to the prior year. The decreases were primarily driven by new point of consumption taxes introduced in the majority of Australian jurisdictions towards the end of 2018 and into early 2019.

Gross profit (excluding depreciation and amortization) for the six months ended June 30, 2019 increased $21.2 million, or 39.0%, compared to the prior year period. The increase was primarily driven by the acquisition of a 62% equity interest in BetEasy during the first quarter of 2018, which was partially offset by the new point of consumption taxes as noted above. Gross profit margin for the six months ended June 30, 2019 was 59.9%, a decrease of 20.3%, compared to the prior year period. The decrease was primarily driven by the impact of the new point of consumption taxes as noted above.

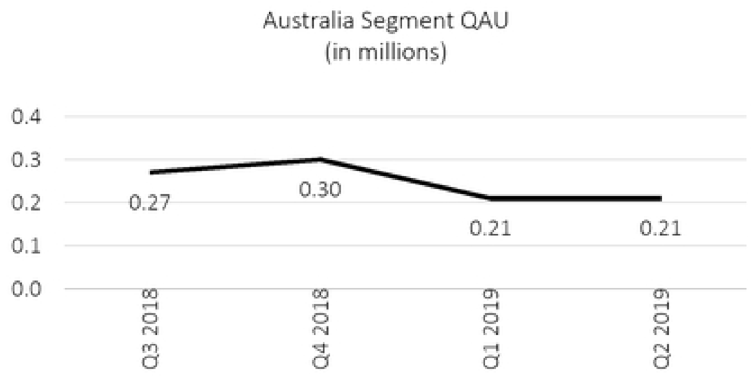
Operating Expenses

Operating expenses for the three months ended June 30, 2019 decreased $10.6 million, or 19.9%, compared to the prior year period. The decrease was primarily driven by the realization of synergies following the Australian Acquisitions.

Operating expenses for the six months ended June 30, 2019 increased $19.1 million, or 30.7%, compared to the prior year. The increase was primarily driven by the timing of the acquisition of an 80% equity interest in BetEasy during February and April 2018, and BetEasy's acquisition of what was formerly the William Hill Australia business in April 2018 and successful migration of its customers onto the BetEasy platform, which were partially offset by the realization of synergies following the Australian Acquisitions.

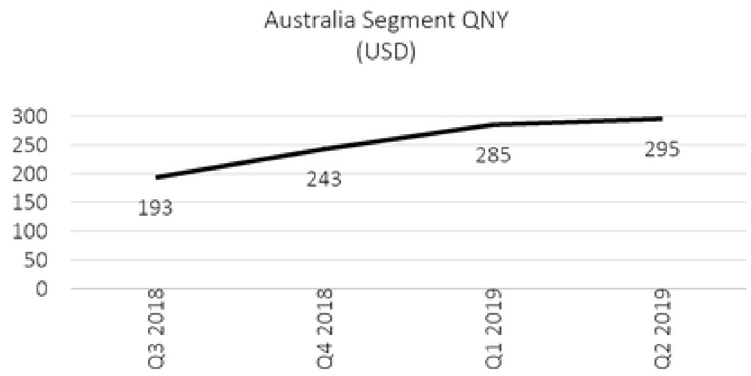
Key Metrics

Australia Segment QAUs



The segment's QAUs for the three months ended June 30, 2019 was 0.2 million. The Corporation believes that this was primarily a result of a focus on improving the customer experience, including through the launch of *MyRewards* during the three months ended March 31, 2019, which allows for targeted, personalized promotions. For a description of certain variables and other factors that can impact QAUs, see "Non-IFRS Measures, Key Metrics and Other Data—Key Metrics and Other Data" above.

Australia Segment QNY



The segment's QNY for the three months ended June 30, 2019 was $295, which the Corporation believes was primarily a result of the focus on improving the customer experience as noted above. For a description of certain variables and other factors that can impact QNY, see "Non-IFRS Measures, Key Metrics and Other Data—Key Metrics and Other Data" above.

Australia Segment Stakes and Betting Net Win Margin

The segment's Stakes for the three months ended June 30, 2019 were $742.3 million, an increase of 4.5%, compared to the prior year period. The increase was primarily driven by the timing of the Australian Acquisitions as well as a focus on improving the customer experience as noted above.

Stakes for the six months ended June 30, 2019 were $1,496.6 million, an increase of 72.5%, compared to the prior year period. The increase was primarily driven by timing of the Australian Acquisitions and successful customer migration, each as noted above.

The segment's Betting Net Win Margin for the three months ended June 30, 2019 was 8.5%, a decrease of 0.1 percentage points, compared to the prior year period. The segment's Betting Net Win Margin for the six months ended June 30, 2019 was 8.3%, which was relatively flat as compared to the prior year period. For a description of certain variables and other factors that can impact Stakes and Betting Net Win Margin, see "Non-IFRS Measures, Key Metrics and Other Data—Key Metrics and Other Data" above.

Corporate Cost Center

The Corporate cost center includes certain general and administrative expenses, including corporate head office expenses, acquisition-related costs and various corporate governance and regulatory costs, as well as the cost to manage the centralized corporate tax and the debt servicing functions. These Corporate cost center expenses are not allocated to the reporting segments as they do not directly relate to the operations of those segments.

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands of U.S. Dollars (except otherwise noted)	2019	2018	% Change	2019	2018	% Change
Operating expenses	32,103	116,451	(72.4)%	58,019	148,294	(60.9)%
Operating loss	**(32,103)**	**(116,451)**	**(72.4)%**	**(58,019)**	**(148,294)**	**(60.9)%**
Net financing charges	68,245	160,360	(57.4)%	115,222	198,711	(42.0)%
Income tax expense (recovery)	21,081	(3,404)	719.3 %	7,983	(2,249)	455.0 %
Net loss	**(121,429)**	**(273,407)**	**(55.6)%**	**(181,224)**	**(344,756)**	**(47.4)%**
Adjusted EBITDA [1]	**(14,734)**	**(9,685)**	**(52.1)%**	**(29,568)**	**(20,224)**	**(46.2)%**

[1] Non-IFRS measure. A reconciliation to its nearest IFRS measure is provided under "Reconciliations" below.

Operating Expenses

Operating expenses for the three months ended June 30, 2019 decreased $84.3 million, or 72.4%, compared to the prior year period. This was primarily driven by a decrease in acquisition-related costs and deal contingent forwards in relation to the Acquisitions, of which the Corporation incurred $95.6 million in the prior year period.

Operating expenses for the six months ended June 30, 2019 decreased $90.3 million, or 60.9%, compared to prior year period. The decrease for the six-month period was primarily driven by the same or substantially similar factors as listed above for the three-month period.

Net Financing Charges and Income Taxes

Net financing charges and income taxes are only recorded in the Corporate cost center and as a result the variances and trends are as discussed above under "Consolidated Results of Operations and Cash Flows".

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

The Corporation's principal sources of liquidity are its cash generated from operations, the Revolving Facility (as defined below) and certain other currently available funds. Currently available funds consist primarily of cash on deposit with banks and investments, which are comprised primarily of certain highly liquid, short-term investments, including money market funds. The Corporation's working capital requirements are generally minimal during the year as its current gaming business requires customers to deposit funds prior to playing or participating in its real-money product offerings. The Corporation believes that such deposits are typically converted to revenue efficiently and on a timely basis such that operating expenditures are sufficiently covered. Management also believes that investing is a key element necessary for the continued growth of the Corporation's customer base and the future development of new and innovative product offerings. Based on the Corporation's currently available funds, borrowing capacity available from the Revolving Facility and its ability to access the debt and equity capital markets, if necessary, management believes that the Corporation will have the cash resources necessary to satisfy current obligations and working capital needs, and fund currently planned development and integration activities and other capital expenditures, including those with respect to the launch and operation of its planned U.S. business, as well as strategic transactions, if any, for at least the next 12 months. Notwithstanding, the state of capital markets and the Corporation's ability to access them on favorable terms, if at all; micro and macro-economic downturns; and fluctuations of the Corporation's operations, among other things, may influence its ability to secure the capital resources required to satisfy current or future obligations and fund future projects, strategic initiatives and support growth. For a description of the factors and risks that could affect the Corporation's ability to generate sufficient amounts of cash and access the capital markets to maintain the Corporation's capacity to meet its obligations and expected growth or fund development activities, see "Risk Factors and Uncertainties" above and in the 2018 Annual Information Form, including, in particular, under the headings "Risk Factors and Uncertainties—The Stars Group's substantial indebtedness requires and will continue to require that it use a significant portion of its cash flow to make debt servicing payments, and it may not generate sufficient cash flows to meet its debt servicing obligations, which could have significant adverse consequences on it and its business" and "Credit Ratings".

Following the SBG Acquisition and related financing, the Corporation has improved and intends to continue to improve its financial condition, including by reducing its long-term debt, through its strong cash flow generation and liquidity, including as a result of continuing to introduce new and innovative product offerings, and potentially strategically gaining global market share. For additional information regarding the Corporation's repayment of debt, including its prepayments of portions of its USD First Lien Term Loan, see above under "Overview and Outlook—Recent Corporate and Other Developments—Prepayment of First Lien Term Loans".

For additional information regarding the Corporation's liquidity and capital resources, see the descriptions of the Corporation's debt as set forth below under "Long-Term Debt" and "Revolving Facility" and the notes to the Q2 2019 Financial Statements, as well as the 2018 Annual Information Form. See also "Risk Factors and Uncertainties" above and in the 2018 Annual Information Form, particularly under the heading "Risk Factors and Uncertainties—Risks Related to the Business".

Market Risk

The Corporation is exposed to market risks, including changes to foreign currency exchange rates and interest rates. For additional information regarding these and other risks, including risks related to Brexit, the terms of which continue to be uncertain prior to the new deadline of October 31, 2019, and its impact on the below, and other risk categories, see the 2018 Annual Information Form, including under the heading "Risk Factors and Uncertainties".

Foreign Currency Exchange Risk

The Corporation is exposed to foreign currency risk, which includes risks related to its revenue and operating expenses denominated in currencies other than USD. In general, the Corporation is a net receiver of currencies other than USD, primarily the EUR, GBP and AUD, which are the primary depositing currencies of the Corporation's customers. Accordingly, changes in exchange rates, and in particular a strengthening of the USD, which is the primary currency of game play on certain of the Corporation's product offerings within the International segment, have in the past reduced, and may in the future reduce, the purchasing power of the Corporation's customers, thereby potentially negatively affecting the Corporation's revenue and other operating results.

The Corporation has also experienced and will continue to experience fluctuations in its net earnings as a result of translation gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. Management monitors movements in foreign exchange rates and uses derivative financial instruments for risk management purposes and anticipates that such instruments will mitigate some of its foreign currency risk. As such, any change in cash flows associated with derivative instruments is expected to be offset by changes in cash flows related to the hedged position. However, it is difficult to predict the effect hedging activities could have on the Corporation's results of operations and there can be no assurance that any foreign currency exchange risks will be so mitigated or that such instruments will not result in a loss. The Corporation recorded foreign currency losses of $0.7 million and $63.0 million in the three months ended June 30, 2019 and 2018, respectively, and foreign currency losses of $3.2 million and $69.0 million in the six months ended June 30, 2019 and 2018, respectively. For additional information on derivatives, see also note 10 in the Q2 2019 Financial Statements and notes 2 and 19 in the 2018 Annual Financial Statements. The Corporation may in the future enter into additional derivatives or other financial instruments in an attempt to further hedge its foreign currency exchange risk.

Interest Rate Risk

The Corporation's exposure to changes in interest rates relates primarily to interest paid on its long-term indebtedness, as well as the interest earned on and market value of its cash, money market funds and debt instruments held at fair value through other comprehensive income. The Corporation is also exposed to fair value interest rate risk on its fixed rate Senior Notes. The Corporation attempts to mitigate cashflow interest rate risk on the First Lien Term Loans through the Swap Agreements but remains exposed to cash flow interest rate risk on the unhedged elements of the First Lien Term Loans, which have variable interest rates.

As at June 30, 2019, the USD First Lien Term Loan and EUR First Lien Term Loan (as defined below) have LIBOR and EURIBOR floors, respectively, of 0% and as such, the interest rate cannot decrease below the applicable margins of 3.50% or 3.75%, respectively. Management monitors movements in the interest rates by frequently reviewing EURIBOR and LIBOR. Including the impact of the Swap Agreements, the annualized impact on earnings before taxes of a 100 basis points strengthening or weakening in the LIBOR rate would result in a decrease or increase of $1.8 million, respectively. EURIBOR is currently negative; however, if it were to turn positive by 100 basis points the annualized impact on earnings before taxes would be a decrease of $9.7 million.

The Corporation's cash consists primarily of cash on deposit with banks and its investments consist primarily of certain highly liquid, short-term instruments, including corporate bonds, government bonds and money market funds. The Stars Group's investment policy and strategy is focused on preservation of capital and supporting its liquidity requirements, not on generating trading profits. Changes in interest rates affect the interest earned on the Corporation's cash and investments and the market value of those investments. However, any realized gains or losses resulting from such interest rate changes would occur only if it sold the investments prior to maturity.

In July 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The Alternative Reference Rates Committee ("ARRC") has proposed that the Secured Overnight Financing Rate ("SOFR") is the rate that represents best practice as the alternative to USD-LIBOR for use in derivatives and other financial contracts that are currently indexed to USD-LIBOR. ARRC has proposed a paced market transition plan to SOFR from USD-LIBOR and organizations are currently working on industry wide and company specific transition plans as it relates to derivatives and cash markets exposed to USD-LIBOR. The Corporation has material contracts that are indexed to USD-LIBOR and is monitoring this activity and evaluating the related risks.

Liquidity Risk

The Corporation is also exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Corporation manages liquidity risk by continuously monitoring its forecasted and actual cash flows, and matching maturity profiles of financial assets and liabilities. The Corporation's objective is to maintain a balance between continuity of funding and flexibility through borrowing facilities available through its lenders. The Corporation's policy is to seek to ensure adequate funding is available from operations, established lending facilities and other sources, including the debt and equity capital markets, as required. Notwithstanding, the Corporation's ability to secure the capital resources required to satisfy its current or future obligations could be impacted by, among other things, the state of capital markets, micro and macro-economic downturns, and fluctuations of the Corporation's operations.

During the three and six months ended June 30, 2019, there were no material changes to the Corporation's liquidity risk exposures or its contractual obligations.

Long-Term Debt

The following is a summary of long-term debt outstanding as at June 30, 2019 and December 31, 2018:

In thousands of U.S. Dollars (except as noted)	Contractual interest rate	June 30, 2019 Principal outstanding balance in currency of borrowing	June 30, 2019 Carrying amount in USD	December 31, 2018 Principal outstanding balance in currency of borrowing	December 31, 2018 Carrying amount in USD
USD First Lien Term Loan	6.30%	3,189,250	3,122,282	3,557,125	3,479,823
EUR First Lien Term Loan	3.75%	850,000	945,946	850,000	951,980
Senior Notes	7.00%	1,000,000	980,709	1,000,000	980,008
Loan payable to non-controlling interest	0.00%	56,936	39,978	49,936	35,147
Total long-term debt			**5,088,915**		**5,446,958**
Current portion			35,750		35,750
Non-current portion			5,053,165		5,411,208

The decrease in outstanding long-term debt from December 31, 2018 to June 30, 2019 was primarily the result of principal repayments on the USD First Lien Term Loan, including prepayments of $100.0 million on February 22, 2019 and $250.0 million on May 14, 2019. For additional information regarding the Corporation's outstanding long-term debt, see the Q2 2019 Financial Statements.

The contractual principal repayments over the next five years of the Corporation's long-term debt outstanding as at June 30, 2019, amount to the following:

In thousands of U.S. Dollars	<1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
USD First Lien Term Loan	35,750	35,750	35,750	35,750	35,750	3,010,500
EUR First Lien Term Loan	—	—	—	—	—	966,170
Senior Notes	—	—	—	—	—	1,000,000
Loan payable to non-controlling interest	—	39,978	—	—	—	—
Total	**35,750**	**75,728**	**35,750**	**35,750**	**35,750**	**4,976,670**

As at June 30, 2019, the Corporation's outstanding long-term debt consisted of: (i) a first lien revolving facility (the "Revolving Facility"); (ii) a USD first lien term loan (the "USD First Lien Term Loan"); (iii) a EUR first lien term loan (the "EUR First Lien Term Loan" and, together with the USD First Lien Term Loan, the "First Lien Term Loans"); (iv) 7.00% Senior Notes (the "Senior Notes"); and (v) a loan payable to the non-controlling interest of BetEasy.

The credit agreement governing the Revolving Facility and First Lien Term Loans contains customary restrictive covenants and also provides for customary mandatory prepayments, including an excess cash flow sweep. See note 17 in the 2018 Annual Financial Statements for further information in respect of the restrictive covenants. As at June 30, 2019, the Corporation was in compliance with all covenants under the credit agreement.

The indenture governing the Senior Notes (the "Indenture") provides the holders of the Senior Notes with customary rights, including the right to require Stars Group Holdings B.V. to offer to repurchase the Senior Notes in limited circumstances and it also provides the Issuers (as defined below) with the right to redeem some or all of the Senior Notes at defined redemption prices based on when the redemption occurs. The Senior Notes include, among other terms and conditions, certain customary limitations on the Issuers' ability to take certain actions or engage in certain activities. See note 17 in the 2018 Annual Financial Statements for further information in respect of the terms and conditions of the Indenture and Senior Notes.

Revolving Facility

Maturing on July 10, 2023, the Revolving Facility is for $700 million and has a margin of 3.25% above the applicable LIBOR rate. The margin for the Revolving Facility is subject to leverage-based step-downs. The commitment fee on the Revolving Facility varies based on first lien leverage and ranges from 0.250% to 0.375%. Borrowings under the Revolving Facility are subject to the satisfaction of customary conditions, including the absence of a default and compliance with certain representations and warranties. To the extent the Corporation's aggregate drawings on and certain letters of credit against the Revolving Facility exceed 35% of the Revolving Facility, the Corporation must comply on a quarterly basis with a maximum net first lien senior secured leverage ratio of 6.75 to 1.00.

The Revolving Facility can be used for working capital needs and for general corporate purposes. As at June 30, 2019, the Corporation had no funds drawn under the Revolving Facility, but had $73.9 million of letters of credit issued but undrawn thereunder relating to, among other things, the Kentucky bond collateral (as described in the 2018 Annual Financial Statements). Availability under the Revolving Facility as at the date hereof is $626.0 million.

First Lien Term Loans

The First Lien Term Loans consist of a $3.19 billion USD First Lien Term Loan priced at LIBOR plus 3.50% and a €850 million EUR First Lien Term Loan priced at EURIBOR plus 3.75%, each with a maturity date of July 10, 2025 and a floor of 0%. The USD First Lien Term Loan requires scheduled quarterly payments in amounts equal to 0.25% of the initial principal amount of $3.58 billion, with the balance due at maturity. There is no amortization on the EUR First Lien Term Loan.

7.00% Senior Notes

On July 10, 2018, two of the Corporation's subsidiaries, Stars Group Holdings B.V. and Stars Group (US) Co-Borrower, LLC (the "Issuers"), issued the 7.00% Senior Notes due 2026 in an aggregate principal amount of $1.00 billion. The Senior Notes mature on July 15, 2026. Interest on the Senior Notes is payable semi-annually on January 15 and July 15 of each year. The Senior Notes are guaranteed by each of the Issuers' restricted subsidiaries that guarantees the Revolving Facility. The Senior Notes are the Issuers' senior unsecured obligations and rank equally in right of payment with all of the Issuers' existing and future senior indebtedness. As at the date hereof, the aggregate principal amount of outstanding Senior Notes is $1.00 billion.

Loan Payable to Non-Controlling Interest

During the year ended December 31, 2018, the holders of the non-controlling interest in BetEasy made a shareholder loan to a subsidiary of the Corporation. As at June 30, 2019, the outstanding loan balance was $40.0 million (AUD$56.9 million) as compared to $35.1 million (AUD $49.9 million) at December 31, 2018. The loan is non-interest bearing and repayable on the earlier of nine years and 364 days from the date of advance and the date of completion of the 20% put-call option related to the Australian Acquisitions.

Hedging Activities

As part of managing the Corporation's exposure to foreign exchange risk and interest rate risk, during the year ended December 31, 2018, the Corporation entered into cross-currency interest rate swap and interest rate swap agreements (collectively, the "Swap Agreements"), each as described below.

The Corporation has USD-EUR cross-currency interest rate swap agreements with an initial notional amount of €1.99 billion ($2.33 billion), which fix the USD to EUR exchange rate at 1.167 and fix the Euro interest payments at an average interest rate of 3.6%, as well as EUR-GBP cross-currency interest rate swap agreements with an initial notional amount of £1.00 billion (€1.12 billion), which fix the EUR to GBP exchange rate at 0.889 and fix the GBP interest payments at an average interest rate of 5.4%. The cross-currency interest rate swaps have a profile that amortizes in line with the USD First Lien Term Loan and each are set to mature in July 2023. The Corporation also has an amortizing USD interest rate swap agreement with an initial notional amount of $700 million, which is set to mature in July 2023, and swaps USD three-month LIBOR to a fixed interest rate of 2.82%.

The USD-EUR cross-currency interest rate swap agreements and the USD interest rate swap agreements are designated as cash flow hedges. The effective portion of the Corporation's cash flow hedges is recognized in the consolidated statements of comprehensive income (loss) until reclassified into the consolidated statements of earnings in the same period the hedged transaction affects earnings.

The EUR-GBP cross-currency interest rate swap agreements are designated as a net investment hedge of the Corporation's GBP functional currency subsidiaries. Accordingly, the portion of the translation impact arising from the translation of the GBP-denominated liabilities that was determined to be an effective hedge during the period was recognized in the consolidated statements of comprehensive income (loss), counterbalancing a portion of the translation impact arising from translation of the Corporation's net investment in its GBP foreign operations.

The Corporation has also designated a portion of the carrying amount of the USD First Lien Term Loan and the carrying amount of the Senior Notes as a net investment hedge in the Corporation's USD functional currency subsidiaries. Accordingly, the portion of the translation impact arising from the translation of the USD-denominated liabilities that was determined to be an effective hedge during the period was recognized in the consolidated statements of comprehensive income (loss), counterbalancing a portion of the translation impact arising from translation of the Corporation's net investment in its USD foreign operations**.**

The Corporation evaluates the effectiveness of its cash flow and net investment hedges for each reporting period. In respect of its cash flow hedges, in the three months ended June 30, 2019 and 2018, the Corporation recorded $5.7 million and $nil of ineffectiveness, respectively, and $7.6 million and $nil of ineffectiveness in the six months ended June 30, 2019 and 2018, respectively. In respect of its net investment hedges, no ineffectiveness was recorded for those same periods.

RECONCILIATIONS

To supplement its Q2 2019 Financial Statements presented in accordance with IFRS, the Corporation considers certain financial measures that are not prepared in accordance with IFRS, including those set forth below. See "Non-IFRS Measures, Key Metrics and Other Data" above. The tables below present reconciliations of Adjusted EBITDA, Adjusted Net Earnings, Adjusted Diluted Net Earnings per Share, and Free Cash Flow, each as presented in this MD&A. The Corporation does not provide a reconciliation for the numerator of QNY as the revenue components thereof (i.e., Poker, Gaming and Betting, as applicable) and Other revenue are set forth in "Segment Results of Operations" above.

Adjusted EBITDA

In thousands of U.S. Dollars	Three Months Ended June 30, 2019				
	International	United Kingdom	Australia	Corporate	Consolidated
Net earnings (loss)	95,502	34,881	(4,325)	(121,429)	4,629
Income tax expense	—	—	—	(21,081)	(21,081)
Net financing charges	—	—	—	(68,245)	(68,245)
Operating income (loss)	95,502	34,881	(4,325)	(32,103)	93,955
Depreciation and amortization	39,377	60,146	9,404	154	109,081
Add (deduct) the impact of the following:					
Stock-based compensation[1]	—	—	—	4,726	4,726
(Gains) losses from investments	(463)	44	—	93	(326)
(Recovery) impairment of intangible assets	(1)	2,499	—	—	2,498
Other costs	8,808	3,483	2,113	12,396	26,800
Total adjusting items	**8,344**	**6,026**	**2,113**	**17,215**	**33,698**
Adjusted EBITDA	**143,223**	**101,053**	**7,192**	**(14,734)**	**236,734**

In thousands of U.S. Dollars	Six Months Ended June 30, 2019				
	International	United Kingdom	Australia	Corporate	Consolidated
Net earnings (loss)	210,085	8,889	(5,463)	(181,224)	32,287
Income tax expense	—	—	—	(7,983)	(7,983)
Net financing charges	—	—	—	(115,222)	(115,222)
Operating income (loss)	210,085	8,889	(5,463)	(58,019)	155,492
Depreciation and amortization	77,356	121,817	18,846	356	218,375
Add (deduct) the impact of the following:					
Stock-based compensation[1]	—	—	—	7,462	7,462
(Gains) losses from investments	(530)	44	—	93	(393)
Impairment of intangible assets	11	2,641	—	—	2,652
Other costs	15,641	9,881	2,439	20,540	48,501
Total adjusting items	**15,122**	**12,566**	**2,439**	**28,095**	**58,222**
Adjusted EBITDA	**302,563**	**143,272**	**15,822**	**(29,568)**	**432,089**

In thousands of U.S. Dollars	Three Months Ended June 30, 2018 International	United Kingdom	Australia	Corporate	Consolidated
Net earnings (loss)	125,084	—	(6,501)	(273,407)	(154,824)
Income tax recovery	—	—	—	3,404	3,404
Net financing charges	—	—	—	(160,360)	(160,360)
Net earnings from associates	1,068	—	—	—	1,068
Operating income (loss)	124,016	—	(6,501)	(116,451)	1,064
Depreciation and amortization	35,987	—	8,588	10	44,585
Add (deduct) the impact of the following:					
Acquisition-related costs and deal contingent forwards	—	—	—	95,627	95,627
Stock-based compensation[1]	—	—	—	3,265	3,265
(Gain) loss from investments	(270)	—	5	—	(265)
Impairment of intangible assets	959	—	—	—	959
Other costs	3,775	—	11,397	7,864	23,036
Total adjusting items	**4,464**	**—**	**11,402**	**106,756**	**122,622**
Adjusted EBITDA	**164,467**	**—**	**13,489**	**(9,685)**	**168,271**

In thousands of U.S. Dollars	Six Months Ended June 30, 2018 International	United Kingdom	Australia	Corporate	Consolidated
Net earnings (loss)	271,922	—	(7,629)	(344,756)	(80,463)
Income tax recovery	—	—	—	2,249	2,249
Net financing charges	—	—	—	(198,711)	(198,711)
Net earnings from associates	1,068	—	—	—	1,068
Operating income (loss)	270,854	—	(7,629)	(148,294)	114,931
Depreciation and amortization	73,956	—	9,868	19	83,843
Add the impact of the following:					
Acquisition-related costs and deal contingent forwards	—	—	—	110,818	110,818
Stock-based compensation[1]	—	—	—	5,648	5,648
Loss from investments	247	—	—	—	247
Impairment of intangible assets	1,074	—	—	—	1,074
Other costs	4,743	—	10,404	11,585	26,732
Total adjusting items	**6,064**	**—**	**10,404**	**128,051**	**144,519**
Adjusted EBITDA	**350,874**	**—**	**12,643**	**(20,224)**	**343,293**

Adjusted Net Earnings and Adjusted Diluted Net Earnings per Share

In thousands of U.S. Dollars (except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net earnings (loss)	**4,629**	**(154,824)**	**32,287**	**(80,463)**
Income tax expense (recovery)	21,081	(3,404)	7,983	(2,249)
Earnings (loss) before income taxes	**25,710**	**(158,228)**	**40,270**	**(82,712)**
Add (deduct) the impact of the following:				
Interest accretion[2]	14,088	9,029	22,357	21,080
Loss on debt extinguishment	—	124,976	—	124,976
Gain on re-measurement of contingent consideration[2]	(3,335)	3,697	(12,713)	3,697
Gain on re-measurement of embedded derivative[2]	(12,200)	—	(34,800)	—
Unrealized foreign exchange (gain) loss on financial instruments associated with financing activities	(292)	—	1,340	—
Ineffectiveness on cash flow hedges[2]	5,708	—	7,564	—
Acquisition-related costs and deal contingent forwards	—	95,627	—	110,818
Amortization of acquisition intangibles[2]	87,789	31,482	177,744	62,858
Stock-based compensation[1]	4,726	3,265	7,462	5,648
Gain from investments and earnings from associates	(326)	(1,333)	(393)	(821)
Impairment of intangible assets	2,498	959	2,652	1,074
Other costs	26,800	23,036	48,501	26,732
Adjust for income tax expense	(13,697)	(1,487)	(16,915)	(3,565)
Adjusted Net Earnings	**137,469**	**131,023**	**243,069**	**269,785**
Adjusted Net Earnings attributable to				
Shareholders of The Stars Group Inc.	136,584	129,237	241,410	269,469
Non-controlling interest	885	1,786	1,659	316
Adjusted Net Earnings	**137,469**	**131,023**	**243,069**	**269,785**
Diluted Shares	282,399,213	215,380,175	278,181,337	212,449,078
Adjusted Diluted Net Earnings per Share	0.48	0.60	0.87	1.27

The table below presents certain items comprising “Other (income) costs” in the Adjusted EBITDA, Adjusted Net Earnings and Adjusted Diluted Net Earnings per Share reconciliation tables above:

In thousands of U.S. Dollars	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Integration costs of acquired businesses	4,899	11,467	12,922	11,467
Financial expenses	1,083	4,330	2,113	2,049
Restructuring expenses[3]	2,320	1,426	6,229	2,058
AMF, foreign payments and other investigation and related professional fees[4]	6,511	2,875	9,220	4,659
Lobbying (US and Non-US) and other legal expenses[5]	3,290	2,665	6,562	5,658
Professional fees in connection with non-core activities[6]	8,643	102	10,463	553
Retention bonuses	—	117	—	234
(Gain) loss on disposal of assets	(393)	41	(393)	41
Other	447	13	1,385	13
Other costs	**26,800**	**23,036**	**48,501**	**26,732**

Free Cash Flow

In thousands of U.S. Dollars	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Net cash inflows from operating activities	173,208	164,011	283,593	296,080
Customer deposit liability movement	12,995	(14,090)	(2,346)	(13,901)
	186,203	149,921	281,247	282,179
Capital expenditure:				
Additions to deferred development costs	(18,887)	(9,759)	(39,033)	(16,190)
Additions to property and equipment	(4,131)	(5,676)	(8,178)	(9,261)
Additions to intangible assets	(13,971)	(9,415)	(18,505)	(11,842)
Interest paid	(50,524)	(34,790)	(142,285)	(66,278)
Debt servicing cash flows (excluding voluntary prepayments)	(13,870)	(5,425)	(25,939)	(11,493)
Free Cash Flow	**84,820**	**84,856**	**47,307**	**167,115**

United Kingdom Segment QNY

The table below presents proforma revenue for the United Kingdom segment for the three months ended September 30, 2018, which includes revenue earned by SBG prior to the SBG Acquisition from July 1, 2018 through July 9, 2018, for use in the calculation of the numerator of QNY for the United Kingdom segment for the applicable period:

In thousands of U.S. Dollars	$
Revenue as reported for the quarter ended September 30, 2018	
Poker	2,884
Gaming	73,318
Betting	85,189
Total	161,391
Add: pre-acquisition revenue	28,018
Revenue as adjusted for QNY	189,409

[1] Stock-based compensation expense is excluded from Adjusted EBITDA primarily due to its discretionary nature.

[2] Interest accretion, gains or losses on the re-measurement of contingent consideration and an embedded derivative recognized in respect of the Senior Notes, ineffectiveness on cash flow hedges, and amortization of intangible assets resulting from purchase price allocations following acquisitions are excluded from Adjusted Net Earnings as these are accounting adjustments that are not representative of underlying cash operating activities or expenses of the Corporation.

[3] Restructuring expenses relate to certain restructuring programs implemented following prior acquisitions, and certain of the Corporation's strategic cost savings initiatives (i.e., referred to by the Corporation as "operational excellence" or "operational efficiency" programs), all of which management does not consider to be part of core, ongoing operating activities or expenses. "Termination of employment agreements" presented in prior periods is now included in restructuring expenses.

[4] AMF, foreign payments and other investigation and related professional fees relate to those matters described in this MD&A and the 2018 Annual Information Form under the heading "Legal Proceedings and Regulatory Actions".

[5] The Corporation excludes certain lobbying and legal expenses in jurisdictions where it is actively seeking licensure or similar approval because management believes that the Corporation's incremental cost of these lobbying and legal expenses in such jurisdictions is generally higher than its peers given liabilities and related issues primarily stemming from periods prior to the acquisition of the Stars Interactive Group in 2014 or from matters not directly involving the Corporation or its current business.

[6] Professional fees in connection with non-core activities are excluded from Adjusted EBITDA as these expenses are not representative of the underlying operations. Such professional fees include those related to litigation matters, incremental accounting and audit fees incurred in connection with the integration of the Acquisitions, including as it relates to internal controls with respect to the same, and the previously announced partnership with FOX Sports and transactions in connection with obtaining potential market access to certain U.S. states in which the Corporation currently does not operate.

SUMMARY OF QUARTERLY RESULTS

The following financial data for each of the eight most recently completed quarters has been prepared in accordance with IFRS. The presentation currency for each period presented below was and remains the U.S. dollar.

	For the three months ended							
In thousands of U.S. Dollars (except per share amounts)	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sept. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
Revenue	329,443	360,250	392,891	411,512	571,983	652,852	580,384	637,618
Gross profit	266,966	290,358	312,627	327,875	442,757	486,815	417,748	463,708
Operating income	118,725	112,266	113,866	1,064	70,901	67,090	61,537	93,955
Net earnings (loss)	75,874	47,175	74,361	(154,824)	9,730	(38,173)	27,658	4,629
Basic net earnings (loss) per Common Share	$ 0.52	$ 0.32	$ 0.51	$ (1.01)	$ 0.06	$ (0.14)	$ 0.10	$ 0.02
Diluted net earnings (loss) per Common Share	$ 0.37	$ 0.23	$ 0.36	$ (1.01)	$ 0.06	$ (0.14)	$ 0.10	$ 0.02

Over the past eight quarters, the Corporation’s quarterly revenue has generally increased quarter-over-quarter. Revenue decreased for the three months ended March 31, 2019 compared to the immediately preceding quarter primarily as a result of the negative impact of a lower than the long-term historical average Betting Net Win Margin. The growth shown above was primarily driven by the positive impact of the Australian Acquisitions and the SBG Acquisition.

For a discussion of results, trends and variances, including the impact of foreign currency fluctuations, over the three and six months ended June 30, 2019 and 2018, see “Consolidated Results of Operations and Cash Flows”, “Segment Results of Operations” and “Liquidity and Capital Resources” contained in this MD&A.

The Corporation’s consolidated and segmental results of operations can fluctuate due to seasonal trends and other factors. The Corporation believes that the climate and weather in geographies where its customers reside tend to impact, among other things, revenue from operations, key metrics and customer activity, and as such, historically those have been generally higher in the first and fourth quarters than in the second and third quarters. The Betting operations (and thus the financial performance) of the Corporation are also subject to the seasonal variations dictated by various sports calendars. A significant portion of the Corporation’s Betting revenue is and will continue to be generated from bets placed on European football, which has an off-season in the summer that can cause a corresponding temporary decrease in its Betting revenue, and betting on horse racing. The Australian Football League and the National Rugby League comprises a large portion of Betting revenue in the Australia segment. In addition, the Corporation currently expects a growing portion of its Betting revenues to be derived from sporting events and leagues based in emerging markets, such as the United States, which have different sports calendars than those in other established markets, such as Europe and Australia. The Corporation’s revenue may also be affected by the scheduling of major sporting events that do not occur annually, such as the World Cup and the UEFA European Championships and other major sporting events globally. In addition, certain individuals or teams advancing or failing to advance and their scores and other results within specific tournaments, games or events may have adverse consequences on the Corporation’s financial performance. Also, the cancellation of sporting events and races could negatively impact Stakes and revenue.

With respect to online Betting, revenue generally fluctuates in line with Betting Net Win Margin. However, the impact on revenue may be mitigated by the impact of Betting Net Win Margin on Stakes, which can fluctuate inversely with such margins. As a result, prolonged periods of high Betting Net Win Margin can negatively impact customer experience, enjoyment and engagement levels, thus resulting in lower customer betting and/or gaming activity levels. Conversely, while periods of low Betting Net Win Margin tend to negatively impact revenue, this may be partially mitigated by increased customer wagering volume (generally referred to as recycling of winnings) due to the positive impact of customer-favorable results on customer experience, enjoyment and engagement. Further, changes to the Corporation’s use of various offsets to revenue including free bets, bonuses and promotions, and/or loyalty program rewards impact reported revenue, which could also cause fluctuations. As such, results for any quarter are not necessarily indicative of the results that may be achieved in another quarter or for the full fiscal year. There can be no assurance that the seasonal trends and other factors that have impacted the Corporation’s historical results will repeat in future periods as the Corporation cannot influence or forecast many of these factors. For other factors that may cause its results to fluctuate, including market risks, such as foreign exchange risks, see “Overview and Outlook” above, “Risk Factors and Uncertainties” above, and the 2018 Annual Information Form, including under the headings “Risk Factors and Uncertainties” and “Business of the Corporation—Seasonality and Other Factors Impacting the Business” therein.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For a description of the Corporation's significant accounting policies, critical accounting estimates and judgments, and related information, see note 2 to the Q2 2019 Financial Statements. Below are the Corporation's new significant accounting policies and its critical accounting estimates and judgments during the three and six months ended June 30, 2019.

IFRS 2, *Share-based Payment*

For share-based payment transactions that may be settled in cash on the occurrence of a contingent event which is in the control of neither the Corporation nor the counterparty to the payment ("Contingently cash-settled share-based payments"), the Corporation applies the "probable" approach. Under this approach, the share-based payment is classified as either cash-settled or equity-settled in its entirety depending on which outcome is probable at each reporting date. Any change in the probable method of settlement is treated as a change in accounting estimate, with the cumulative expense updated to reflect the appropriate charge for the method of settlement now considered probable.

Key sources of estimation uncertainty

Determining the carrying amounts of some assets and liabilities requires estimation of the effects of uncertain future events on those assets and liabilities at the end of the reporting period. The following discussion sets forth key sources of estimation uncertainty at the end of the reporting period that management believes have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Goodwill impairment

At least annually, the Corporation tests whether goodwill is subject to any impairment in accordance with the applicable accounting policy set forth in note 2 of the 2018 Annual Financial Statements. The Corporation completed its annual goodwill impairment testing as at December 31, 2018.

The recoverable amount for any cash-generating unit ("CGU") or group of CGUs is determined based on the higher of fair value less costs to sell and value in use. Both valuation approaches require management to use judgments and estimates. Goodwill impairment exists when the carrying value of a CGU or group of CGUs exceeds its recoverable amount. Estimates used in determining the recoverable amount include but are not limited to expected cash flows, growth rates, capital expenditures and discount rates. A change in future earnings or any other assumptions may have a material impact on the fair value of a CGU or group of CGUs, and could result in an impairment loss. See note 11 of the 2018 Annual Financial Statements.

Valuation of deferred contingent payment on acquisition of non-controlling interest

As part of the previously disclosed incremental acquisition of an 18% equity interest in BetEasy, the holders of the non-controlling interest in BetEasy will be entitled to an additional payment of up to AUD $232 million in 2020, subject to certain performance conditions primarily related to its EBITDA, and payable in cash and/or additional Common Shares at The Stars Group's discretion. The Corporation considered this additional payment to be a contingent consideration and accounted for it as part of the purchase price related to the acquisition of the 18% equity interest in BetEasy. The deferred contingent payment is subsequently recorded at fair value at each balance sheet date, with re-measurements recorded within net financing charges. In valuing the deferred contingent payment as at June 30, 2019, the Corporation used a discount rate of 9.5% (December 31, 2018 - 10.5%), considering the term of the deferred contingent payment period and credit risk. The Corporation applied a volatility of historical EBITDA for comparable companies of 22.5% (December 31, 2018 - 25.0%), which was based on historical performance and market indicators. See notes 3 and 14 to the Q2 2019 Financial Statements.

Uncertain tax treatments

Determining the Corporation's income tax and its provisions for income taxes involves a significant degree of estimation and judgment, particularly in respect of open tax returns relating to prior years where the liabilities remain to be agreed with the local tax authorities. The Corporation is also subject to tax audits and has a number of open tax inquiries. As a result, it has recognized a number of provisions against uncertain tax positions based on management's best estimate of the outcome after taking into consideration all available evidence, and where appropriate, after taking external advice. The tax provisions recorded in the Corporation's unaudited interim condensed consolidated financial statements in respect of prior years relate to intercompany trading and financing arrangements entered into in the normal course of business and tax audits that are currently in progress with fiscal authorities. Due to the uncertainty associated with such tax items it is possible that at a future date, on resolution of the open tax matters, the final outcome may vary significantly and there is the potential for a material adjustment to the carrying amounts of the liability recorded as a result of this estimation uncertainty.

Critical accounting estimates and judgments

The preparation of the Corporation's Q2 2019 Financial Statements requires management to make estimates and assumptions concerning the future. It also requires management to exercise its judgment in applying the Corporation's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience, general economic conditions, and trends and other factors, including expectations of future events.

Estimates and their underlying assumptions are reviewed on a regular basis and the effects of any changes are recognized immediately. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the Q2 2019 Financial Statements and actual results could differ from the Corporation's estimates.

The following discussion sets forth for the three and six months ended June 30, 2019 what management believes to be the most significant estimates and assumptions in determining the value of assets and liabilities and the most significant judgments in applying the Corporation's accounting policies.

Deferred contingent payments

Management makes judgments and estimates in determining the value of deferred contingent payments that should be recorded as part of the consideration on the date of acquisition and changes in deferred contingent payments payable in subsequent reporting periods. The deferred contingent payment relating to the incremental acquisition of an 18% equity interest in BetEasy is discussed above in key sources of estimation uncertainty and in notes 3 and 14 to the Q2 2019 Financial Statements.

Useful lives of long-lived assets

Estimates are used for each component of an asset's useful life and are based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and, in the case of intangible assets, where applicable, contractual provisions that enable the renewal or extension of the asset's legal or contractual life without substantial cost, as well as renewal history or the expected period of future benefit of the intangible asset. Incorrect estimates of useful lives could result in an increase or decrease in the annual amortization expense and future impairment charges.

Valuation of embedded derivatives

The Senior Notes include certain embedded features allowing the Corporation to redeem the Senior Notes or allowing the holders to require a redemption of the Senior Notes. As previously disclosed, these features were bifurcated from the carrying value of the Senior Notes. Management used estimates, including an implied credit spread of 3.4% as at June 30, 2019 (December 31, 2018 - 4.6%), in determining the fair value of the embedded derivative. See notes 9, 10 and 14 to the Q2 2019 Financial Statements.

Contingent liabilities

The Corporation reviews its legal proceedings following developments in the same at each balance sheet date, considering, among other things: the nature of the litigation, claim or assessment; the legal processes and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought; the progress of the case (including progress after the date of the consolidated financial statements but before those statements are issued); the opinions or views of legal counsel and other advisors; experience of similar cases; and any decision of the Corporation's management as to how it will respond to the litigation, claim or assessment. The Corporation assesses the probability of an outflow of resources to settle the alleged obligation as well as if the outflow can be reliably measured. If these conditions are not met, no provision will be recorded and the relevant facts will be disclosed as a contingent liability. To the extent that the Corporation's assessments at any time do not reflect subsequent developments or the eventual outcome of any claim, its future consolidated financial statements may be materially affected, with a favorable or adverse impact on the Corporation's business, financial condition or results of operations.

Determination of lease term

The Corporation's lease portfolio includes contracts with extension and termination options. These terms are used to maximize operational flexibility with respect to managing such contracts.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Corporation reviews the applicable assessment if a significant event or a significant change in circumstances occurs which affects the assessment and that is within the control of the lessee. If the Corporation exercises an extension option (or elects not to exercise a termination option) that was not included in the lease term, this would result in an increase to the right of use asset and lease liability. As at June 30, 2019, the weighted average remaining life of the Corporation's leases is 4.66 years.

FOX equity option

On May 8, 2019, the Corporation entered into a commercial agreement with FOX Sports (as defined above). See above under "Overview and Outlook—Recent Corporate and Other Developments—Fox Sports Partnership" and note 12 of the Q2 2019 Financial Statements for additional details of the agreement. Prior to the tenth anniversary of the commercial agreement, and subject to certain conditions and applicable gaming regulatory approvals, FOX Sports has the right to acquire up to a 50% equity stake in the Corporation's U.S. business. In accordance with IFRS 2, *Share-based payment* based on the judgment of the Corporation's management, this right granted to FOX Sports is considered a contingently cash-settled share-based payment because FOX Sports, subject to receiving regulatory approvals and meeting certain other conditions, has discretion to exercise the right. During the three and six months ended June 30, 2019, the Corporation recorded $3.0 million to sales and marketing expense in relation to the commercial agreement.

Management has made certain judgments in the recognition and measurement of liabilities in relation to this commercial agreement and associated right of FOX Sports to acquire equity, including its estimate as to the probable method of settlement. The right has been valued using a discounted cash flow model and as it represents a contingently cash-settled share-based payment, will be recorded at fair value each reporting period.

RECENT ACCOUNTING PRONOUNCEMENTS

New Significant Accounting Policies Adopted

IFRS 16, *Leases*

The Corporation adopted IFRS 16 effective January 1, 2019. See note 15 to the Q2 2019 Financial Statements. In preparation for the first-time application of IFRS 16, the Corporation carried out an implementation project, which has shown that the new definition in IFRS 16 will not significantly change the scope of the Corporation's contracts that meet the definition of a lease.

IFRS 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease requirements and adding a requirement to recognize a right-of-use asset and a lease liability at the commencement of all leases except short-term leases and leases of low-value assets for which the election to recognize a lease expense on a straight-line basis has been applied. The requirements for lessor accounting have remained substantially unchanged. The Corporation applied IFRS 16 using the modified retrospective approach, with right-of-use assets being measured at an amount equal to the lease liability, adjusted for any amount of applicable prepaid or accrued lease payments recognized on the statement of financial position as at December 31, 2018. As a result, there was no restatement of the comparative period. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for applicable consideration.

The Corporation applied the following transitional-related elections available upon transition to IFRS 16:

- Hindsight in the determination of right-of-use assets and lease liabilities on transition;
- Reliance on the assessment of whether leases are onerous by applying IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review;
- Exclusion of initial direct costs from the measurement of right-of-use assets on transition; and
- No recognition of right-of-use assets and lease liabilities for leases expiring within 12 months of adoption of IFRS 16.

The Corporation as a Lessee

The Corporation assesses whether a contract is or contains a lease at the inception of the applicable contract. IFRS 16 changes how the Corporation accounts for leases that it otherwise would have previously classified as operating leases under IAS 17, *Leases* ("IAS 17"). Under IFRS 16, for all leases except as noted above, the Corporation:

a) Recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position, initially measured at the present value of future lease payments;
b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss as part of general and administrative expense and other interest expense within net financing charges, respectively; and
c) Separates the total amount of cash payments in relation to lease liabilities into a principal portion and interest (each presented within financing activities) in the consolidated statement of cash flows.

Lease incentives are recognized as part of the measurement of right-of-use assets and as part of lease liabilities, except if received prior to lease commencement, while under IAS 17 they resulted in the recognition of a lease incentive liability, and were amortized as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*, which replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, such as personal computers and office furniture, the Corporation has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

The lease liability is initially measured at the present value of the future lease payments, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Corporation uses its incremental borrowing rate at the lease commencement date. The Corporation subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

Lease payments included in the measurement of the lease liability include:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate initially measured using the index or rate at the commencement date;
- Amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease includes an option to terminate the lease.

The Corporation remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement of the lease, and any initial costs. They are then subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability or right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers such payments occurs.

As a practical expedient, IFRS 16 permits a lessee to account for any lease and associated non-lease components as a single arrangement instead of separating the non-lease components. The Corporation has applied this practical expedient.

The Corporation as a Lessor

The Corporation does not currently have any material contracts where the Corporation acts as a lessor.

IFRIC 23, *Uncertainty over Income Tax Treatments*

The Corporation adopted IFRIC 23 effective January 1, 2019. Where uncertain tax treatments exist, the Corporation assesses whether it is probable that a tax authority will accept the uncertain tax treatment applied or proposed to be applied in its income tax filings. The Corporation assesses for each uncertain tax treatment whether it should be considered independently or whether some tax treatments should be considered together based on what the Corporation believes provides a better prediction of the resolution of the uncertainty. The Corporation considers whether it is probable that the relevant authority will accept each uncertain tax treatment, or group of uncertain tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. The adoption of the interpretation did not have a material impact on the Q2 2019 Financial Statements.

OFF BALANCE SHEET ARRANGEMENTS

As at June 30, 2019, the Corporation had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Corporation's financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

OUTSTANDING SHARE DATA

	As at August 8, 2019
Common Shares issued and outstanding	287,723,235
Common Shares issuable upon exercise of options	4,289,905
Common Shares issuable upon settlement of other equity-based awards	4,701,700
Total Common Shares on a fully-diluted basis	**296,714,840**

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as set forth below, there were no material changes or updates to the Corporation's material legal proceedings or regulatory actions during the three and six months ended June 30, 2019. For additional information regarding the Corporation's material legal proceedings and regulatory actions, see the 2018 Annual Reports, particularly under the heading "Legal Proceedings and Regulatory Actions" in the 2018 Annual Information Form, and note 28 to the 2018 Annual Financial Statements.

Kentucky Proceeding

On April 11, 2019, the Kentucky Supreme Court granted discretionary review of the Kentucky Court of Appeals' ruling in The Stars Group's favor reversing in its entirety the judgment issued in December 2015 against The Stars Group by the trial court in the previously reported proceeding in Kentucky. For additional information regarding the proceeding in Kentucky, see above under "Liquidity and Capital Resources—Long-Term Debt—Revolving Facility", the 2018 Annual Information Form, including under the heading "Legal Proceedings and Regulatory Actions—Kentucky Proceeding" therein, and note 28 to the 2018 Annual Financial Statements.

The AMF Investigation and Related Matters

On June 6, 2019, the AMF advised The Stars Group that it has closed its investigations and no charges will be laid against it or any of its current directors or officers in connection with the previously reported AMF investigation and related matters.

For information regarding the previously reported AMF investigation and related matters, see below and the 2018 Annual Information Form, including under the headings "Legal Proceedings and Regulatory Actions—AMF Investigation and Related Matters" and under "Risk Factors and Uncertainties—The Stars Group is subject to various laws relating to trade, export controls and foreign corrupt practices, the violation of which could adversely affect its operations, reputation, business, prospects, operating results and financial condition".

Foreign Payments Matter

As previously disclosed, the Board, with the involvement of external counsel, is undertaking a review of whether the Corporation or any of its subsidiaries or personnel has made improper payments, directly or through external consultants, to governmental officials in certain jurisdictions outside of Canada and the United States.

This review includes reviewing historic and current operations, reviewing the Corporation's use of external consultants in foreign markets, and revising internal policies, controls and procedures relating to its global anti-corruption compliance programs. As a result of this review, the Corporation initially voluntarily contacted the Royal Canadian Mounted Police ("RCMP") in Canada and the Department of Justice ("DOJ") and Securities Exchange Commission ("SEC") in the United States in 2016. These authorities are investigating these matters and the Corporation continues to cooperate with them, including, without limitation, by responding to information requests from the RCMP, the DOJ and the SEC, and voluntarily providing records and information to these authorities. This review and cooperation is ongoing.

The Corporation cannot predict at this time the outcome or impact of the government investigations or its own internal review. See the 2018 Annual Information Form under the heading "Risk Factors and Uncertainties—The Stars Group is subject to various laws relating to trade, export controls and foreign corrupt practices, the violation of which could adversely affect its operations, reputation, business, prospects, operating results and financial condition".

Quebec Class Action

For information regarding the previously reported Quebec class action lawsuit, see the 2018 Annual Information Form, including under the heading "Legal Proceedings and Regulatory Actions".

Preferred Share Conversion Appeal

For information regarding the appeal of the Ontario Superior Court of Justice's dismissal of an application by certain holders of Preferred Shares regarding the Corporation's mandatory conversion of its Preferred Shares and the appeal thereof, see the 2018 Annual Information Form, including under the heading "Legal Proceedings and Regulatory Actions". The Court of Appeal of Ontario heard the appeal on March 19, 2019. See the 2018 Annual Information Form under the heading "Risk Factors and Uncertainties—Litigation costs and the outcome of litigation could have a material adverse effect on The Stars Group's business".

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The applicable rules of the U.S. Securities and Exchange Commission and the Canadian Securities Administrators require The Stars Group's certifying officers, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), to establish and maintain disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in such rules. In compliance with these rules, the Corporation has filed applicable certifications signed by the CEO and the CFO that, among other things, report on the design of each of DC&P and ICFR.

Disclosure Controls and Procedures

The CEO and CFO have designed DC&P, or have caused them to be designed under their supervision, to provide reasonable assurance that:

- material information relating to the Corporation is made known to them by others, particularly during the period in which the annual and interim filings are being prepared; and

- information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation.

Internal Control Over Financial Reporting

The CEO and CFO have designed ICFR, or have caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's accounting and reporting standards.

For the three months ended June 30, 2019, the Corporation excluded from its assessment the internal control over financial reporting at SBG, which was acquired on July 10, 2018. SBG's financial statements constitute (7.4)% and 47.8% of net and total assets, respectively, 39.7% and 35.5% of revenue, respectively, and 1,297.2% and (313.0)% of net income, respectively, of the unaudited interim condensed financial statement amounts as of and for the three and six months ended June 30, 2019.

As previously disclosed, during the fourth quarter of 2018, management identified a deficiency related to the foreign currency translation of intercompany loans, which were not being translated each reporting period, which resulted in foreign exchange losses not being properly reflected in the Corporation's financial statements. Management concluded as at December 31, 2018 that there was a material weakness in the controls over the foreign currency translation of intercompany loans.

Certain remedial measures were undertaken in the fourth quarter of 2018 that resulted in an effective control design over the Corporation's translation of intercompany loans, however management was unable to conclude that these controls were operationally effective in the assessment for the year ended December 31, 2018. During the second quarter of 2019, the Corporation successfully completed the operating effectiveness testing necessary for management to conclude that this material weakness has been remediated. There were no restatements or other adjusting entries required in the Q2 2019 Financial Statements.

Changes to Internal Control Over Financial Reporting

As discussed above, in the fourth quarter of 2018, the Corporation took steps to remediate a material weakness relating to foreign currency translation of intercompany loans and during the first and second quarters of 2019, tested the operating effectiveness of the remediated controls. The Corporation successfully completed this operating effectiveness testing during the second quarter of 2019, allowing management to conclude that this material weakness has been remediated.

During the second quarter of 2019, the Corporation continued to document and assess certain processes, systems and controls relating to the operations of BetEasy as part of the Corporation's ICFR. In undertaking this documentation and assessment, the Corporation believes it has strengthened certain existing, processes, systems and controls within BetEasy, and will continue to monitor and assess the same as part of its overall control environment, including in connection with its evaluations of ICFR.

Other than as described above, there has been no change in the Corporation's ICFR that occurred during the three months ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

Limitations on Effectiveness of DC&P and ICFR

In designing and evaluating DC&P and ICFR, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of DC&P and ICFR must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. See also “Risk Factors and Uncertainties—Risks Related to the Business—If The Stars Group’s internal controls are ineffective, its operating results and market confidence in its reported financial information could be adversely affected” in the 2018 Annual Information Form.

FURTHER INFORMATION

Additional information relating to The Stars Group and its business, including the Q2 2019 Financial Statements, the 2018 Annual Reports and other filings that The Stars Group has made and may make in the future with applicable securities authorities, may be found on or through SEDAR at www.sedar.com, EDGAR at www.sec.gov or The Stars Group's website at www.starsgroup.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of The Stars Group securities and securities authorized for issuance under equity compensation plans, is also contained in the Corporation's most recent management information circular for the most recent annual meeting of Shareholders of the Corporation.

In addition to press releases, securities filings and public conference calls and webcasts, The Stars Group intends to use its investor relations page on its website as a means of disclosing material information to its investors and others and for complying with its disclosure obligations under applicable securities laws. Accordingly, investors and others should monitor the website in addition to following The Stars Group's press releases, securities filings, and public conference calls and webcasts. This list may be updated from time to time.

Toronto, Ontario
August 12, 2019

(Signed) *"Brian Kyle"*

Brian Kyle
Chief Financial Officer

Form 52-109F2
Certification of Interim Filings
Full Certificate

I, **Rafael (Rafi) Ashkenazi, Chief Executive Officer of The Stars Group Inc.,** certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of ***The Stars Group Inc.*** (the "issuer") for the interim period ended ***June 30, 2019***.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** The issuer has disclosed in its interim MD&A

(a) the fact that the issuer's other certifying officer(s) and I have limited the scope of our design of DC&P and ICFR to exclude controls, policies and procedures of

(i) N/A;

(ii) N/A; and

(iii) a business that the issuer acquired not more than 365 days before the last day of the period covered by the interim filings; and

(b) summary financial information about the proportionately consolidated entity, special purpose entity or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer's financial statements.

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on ***April 1, 2019*** and ended on ***June 30, 2019*** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 12, 2019

/s/ Rafael (Rafi) Ashkenazi
Rafael (Rafi) Ashkenazi
Chief Executive Officer

Form 52-109F2
Certification of Interim Filings
Full Certificate

I, **Brian Kyle, Chief Financial Officer of The Stars Group Inc.,** certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of ***The Stars Group Inc.*** (the "issuer") for the interim period ended ***June 30, 2019***.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** The issuer has disclosed in its interim MD&A

(a) the fact that the issuer's other certifying officer(s) and I have limited the scope of our design of DC&P and ICFR to exclude controls, policies and procedures of

(i) N/A;

(ii) N/A; and

(iii) a business that the issuer acquired not more than 365 days before the last day of the period covered by the interim filings; and

(b) summary financial information about the proportionately consolidated entity, special purpose entity or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer's financial statements.

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on ***April 1, 2019*** and ended on ***June 30, 2019*** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 12, 2019

/s/ Brian Kyle
Brian Kyle
Chief Financial Officer