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 2018

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 ☒

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 13, 2018, The Stars Group Inc. (the "Company") reported its financial results for the three and six months ended June 30, 2018 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, 2018 (the "Q2 Financial Statements"), (ii) Management's Discussion and Analysis for the three and six months ended June 30, 2018 (the "Q2 MD&A"), (iii) Chief Executive Officer Certification of Interim Filings, dated August 13, 2018 (the "CEO Certification"), and (iv) Chief Financial Officer Certification of Interim Filings, dated August 13, 2018 (the "CFO Certification").

On August 9, 2018, the Company amended its "code of ethics" (as defined in paragraph (9) of General Instruction B to Form 40-F), known as its Code of Business Conduct (the "Code"), and made a copy of the same available on its website at www.starsgroup.com. The substantive amendments made to the Code: (a) contemplate that one or more of The Stars Group's subsidiaries also may have their own separate code of business conduct or ethics applicable to an individual and (b) include new or additional detail about certain matters such as reporting of concerns, human rights, safe working environment, anti-discrimination, conservation and environmental protection, cyber security and supplier compliance with the Code.

Copies of the Release, Q2 Financial Statements, Q2 MD&A, CEO Certification, CFO Certification and Code are each attached hereto as Exhibits 99.1, 99.2, 99.3, 99.4, 99.5 and 99.6, 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 13, 2018

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

EXHIBIT INDEX

Exhibit No.	Description
99.1	News Release, dated August 13, 2018
99.2	Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2018
99.3	Management's Discussion and Analysis for the three and six months ended June 30, 2018
99.4	Chief Executive Officer Certification of Interim Filings, dated August 13, 2018
99.5	Chief Financial Officer Certification of Interim Filings, dated August 13, 2018
99.6	Code of Business Conduct, as amended on August 9, 2018

The Stars Group Reports Second Quarter 2018 Results

TORONTO, August 13, 2018 – The Stars Group Inc. (NASDAQ: TSG)(TSX: TSGI) today reported its financial results for the second quarter ended June 30, 2018, updated its full year 2018 financial guidance, and provided certain additional highlights and updates. Unless otherwise noted, all dollar ($) amounts are in U.S. dollars.

"The Stars Group's quarterly results reflect both continued organic growth within our International business and the contributions of our Australian acquisitions," stated Rafi Ashkenazi, The Stars Group's Chief Executive Officer. "We continued enhancing our products and user experience across all verticals and executing on our cross-selling strategy."

"The continued emergence of our sports betting and casino offerings and the addition of our 2018 acquisitions have transformed our business and greatly enhanced the foundation and diversity of our consolidated revenue base, which will now be nearly equally split among verticals and roughly 75% locally regulated or taxed," said Mr. Ashkenazi.

"We are now focused on the next stage of our transformation—integration," concluded Mr. Ashkenazi. "While this will be a phased and measured process, we expect that it will prepare us to not only be a leader within the world's largest regulated markets but to also leverage the strength of our combined platform to take advantage of new opportunities and markets."

Second Quarter 2018 Consolidated Financial Summary

	Three Months Ended June 30,			**Six Months Ended June 30,**		
In thousands of U.S. Dollars (except percentages and per share amounts)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Total Revenue	411,512	305,305	34.8%	804,403	622,625	29.2%
Gross Profit	327,875	252,637	29.8%	640,502	507,496	26.2%
Operating Income	1,064	105,517	(99.0%)	114,930	216,403	(46.9%)
Net (Loss) Earnings	(154,824)	70,483	(319.7%)	(80,463)	136,236	(159.1%)
Adjusted Net Earnings [1]	131,023	114,028	14.9%	269,785	227,396	18.6%
Adjusted EBITDA [1]	168,270	146,539	14.8%	343,292	297,540	15.4%
Adjusted EBITDA Margin [1]	40.9%	48.0%	(14.8%)	42.7%	47.8%	(10.7%)
Diluted (loss) earnings per Common Share ($/Share)	(1.01)	0.35	(388.6%)	(0.52)	0.67	(177.2%)
Adjusted Diluted Net Earnings per Share ($/Share) [1]	0.60	0.56	7.1%	1.27	1.13	12.7%
Net cash flows from operating activities	164,011	130,426	25.8%	296,080	225,973	31.0%
Free Cash Flow [1]	84,856	94,857	(10.5%)	167,115	159,722	4.6%

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".

Second Quarter 2018 Segmented Financial Summary

International

In thousands of U.S. Dollars (except otherwise noted)	Three Months Ended June 30, 2018	2017	% Change	Six Months Ended June 30, 2018	2017	% Change
Stakes	*248,572*	*144,352*	*72.2%*	*471,557*	*287,448*	*64.0%*
Betting Net Win Margin (%)	*7.9%*	*6.1%*	*29.0%*	*7.7%*	*5.5%*	*39.7%*
Revenue						
Poker	216,986	202,897	6.9%	462,861	421,559	9.8%
Gaming	101,941	80,726	26.3%	208,651	160,488	30.0%
Betting	19,635	8,836	122.2%	36,321	15,853	129.1%
Other	11,673	12,846	(9.1%)	24,169	24,725	(2.2%)
Total Revenue	**350,235**	**305,305**	**14.7%**	**732,002**	**622,625**	**17.6%**
Gross Profit	**281,076**	**252,637**	**11.3%**	**586,131**	**507,496**	**15.5%**
Gross Profit Margin (%)	80.3%	82.7%	(3.0%)	80.1%	81.5%	(1.8%)
General and administrative	105,257	104,208	1.0%	208,581	190,338	9.6%
Sales and marketing	42,255	31,302	35.0%	87,226	65,290	33.6%
Research and development	8,358	5,383	55.3%	16,176	12,483	29.6%
Operating Income	**125,206**	**111,744**	**12.0%**	**274,148**	**239,385**	**14.5%**
Adjusted EBITDA [1]	**164,317**	**145,828**	**12.7%**	**350,796**	**307,386**	**14.1%**
Adjusted EBITDA Margin (%) [1]	**46.9%**	**47.8%**	**(1.8%)**	**47.9%**	**49.4%**	**(2.9%)**

Australia

In thousands of U.S. Dollars (except otherwise noted)	Three Months Ended June 30, 2018	2017	% Change	Six Months Ended June 30, 2018	2017	% Change
Stakes	*710,269*	—	*100.0%*	*867,726*	—	*100.0%*
Betting Net Win Margin (%)	*8.6%*	—	*100.0%*	*8.3%*	—	*100.0%*
Revenue						
Betting	61,277	—	100.0%	72,401	—	100.0%
Total Revenue	**61,277**	**—**	**100.0%**	**72,401**	**—**	**100.0%**
Gross Profit	**46,799**	**—**	**100.0%**	**54,371**	**—**	**100.0%**
Gross Profit Margin (%)	76.4%	—	100.0%	75.1%	—	100.0%
General and administrative	40,288	—	100.0%	44,562	—	100.0%
Sales and marketing	12,262	—	100.0%	16,472	—	100.0%
Research and development	768	—	100.0%	984	—	100.0%
Operating Loss	**(6,519)**	**—**	**(100.0%)**	**(7,647)**	**—**	**(100.0%)**
Adjusted EBITDA [1]	**13,471**	**—**	**100.0%**	**12,625**	**—**	**100.0%**
Adjusted EBITDA Margin (%) [1]	**22.0%**	**—**	**100.0%**	**17.4%**	**—**	**100.0%**

[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".

As a result of its previously announced Australian acquisitions and in anticipation of the future integration of Sky Betting & Gaming and potential future geographic expansion, The Stars Group revised the composition of its reporting segments and the manner in it reports its operating results as set forth above. The Stars Group believes that the new presentation will better reflect its current and expected management and operational structure. The Stars Group previously had one reporting segment, gaming, with two major lines of operations, real-money online poker and combined real-money online casino and sportsbook. Given the timing of the recent acquisitions, this is now divided into two reporting segments, International and Australia, and four major lines of operations, Poker, Gaming, Betting and Other, as applicable. The International segment currently includes the business operations of The Stars Group's existing business prior to the Australian acquisitions and Sky Betting & Gaming acquisition, and the Australia segment currently includes the business operations of CrownBet and William Hill Australia.

Second Quarter 2018 and Subsequent Financial Highlights

- **Consolidated Total Revenues** – Revenues for the quarter increased 34.8% year-over-year. Excluding the impact of year-over-year changes in foreign exchange rates, revenues for the quarter would have increased by 30.7%. Real-money online Poker, Gaming, and Betting revenues represented 52.7%, 24.8%, and 19.7% of revenues for the quarter, respectively.

- **Consolidated Adjusted EBITDA and Adjusted EBITDA Margin** – Adjusted EBITDA for the quarter increased 14.8% year-over-year, primarily driven by increased gross profit from organic growth within the International segment. Adjusted EBITDA Margin for the quarter decreased 14.8% year-over-year, primarily driven by higher contribution from the Betting vertical within both the International and Australian segments.

- **Poker Revenues – International**– Poker revenue for the quarter was $217.0 million, or an increase of approximately 6.9% year-over-year. Excluding the impact of year-over-year changes in foreign exchange rates, Poker revenues for the quarter would have increased by 3.8%. The increase was primarily driven by the continued positive impact of the Stars Rewards loyalty program, foreign exchange fluctuations, and the introduction of shared poker liquidity in France and Spain in the first quarter and Portugal in the second quarter, as offset by, among other things, the cessation of operations in Australia in September 2017 and Colombia in July 2017, and continued negative operating conditions in Poland due to certain prior regulatory changes in that jurisdiction.

- **Gaming Revenues – International** – Gaming revenue for the quarter was $101.9 million, or an increase of 26.3% year-over-year. Excluding the impact of year-over-year changes in foreign exchange rates, Gaming revenues for the quarter would have increased by 21.0%. The increase was primarily the result of product and content improvements to PokerStars Casino, including the introduction of over 150 new casino games since the beginning of the year, foreign exchange fluctuations, and the launch of PokerStars Casino in certain new markets. This was partially offset by, among other things, continued negative operating conditions in Poland due to certain prior regulatory changes in that jurisdiction.

- **Betting Revenues** - **International –** Betting revenue for the quarter were $19.6 million, or an increase of 122.2% year-over-year. Excluding the impact of year-over-year changes in foreign exchange rates, Betting revenues for the quarter would have increased by 106.1%. The increase was primarily the result of increases in Stakes and Betting Net Win Margin. These increases were primarily driven by increased wagering activity due to product and content improvements to BetStars, the launch of BetStars in certain new markets, and the 2018 FIFA World Cup.

- **Consolidated Debt and Cash –** The total principal amount owing on long-term debt outstanding at the end of the quarter was $2.73 billion with a weighted average interest rate of 4.9%. The Stars Group ended the second quarter of 2018 with approximately $1.05 billion in operational cash on its balance sheet. Following the end of the quarter, The Stars Group completed the Sky Betting & Gaming acquisition and incurred additional debt in connection with the same.

Second Quarter 2018 and Subsequent Operational Highlights

- **Quarterly Real-Money Active Uniques (QAUs) – International–**QAUs were 2.02 million, which represents a decrease of 5.2% year-over-year. This decrease was primarily the result of The Stars Group's continued strategy of focusing on high-value customers (primarily recreational players), the cessation of online poker operations in Australia and Colombia, and an impaired market in Poland, as offset by the growth and expansion of the casino and betting product offerings. Approximately 1.86 million of such QAUs played online poker during the quarter, a decrease of approximately 7.3% year-over-year, while The Stars Group's online casino offerings had approximately 0.6 million QAUs, an increase of 11.4% year-over-year. The Stars Group's BetStars had approximately 0.2 million QAUs, a 78.3% increase year-over-year.

- **Quarterly Net Yield (QNY) – International** – QNY was $167, an increase of 21.9% year-over-year, and QNY excluding the impact of year-over-year changes in foreign exchange rates was $161, an increase of 17.5% year-over-year. QNY is a non-IFRS measure.

- **Net Deposits – International –** Net Deposits were $322 million, an increase of 19.3% year-over-year. The increase was primarily driven by the implementation of the Stars Rewards loyalty program and continued focus on high-value customers (primarily recreational players), foreign exchange fluctuations and continued development of the casino and betting product offerings.

- **Stakes and Betting Net Win Margin – International –** Stakes were $248.6 million, an increase of 72.2% year-over-year, and Betting Net Win Margin was 7.9%, an increase of 1.8 percentage points year-over-year. The increases in the quarter were primarily due to product and content improvements to BetStars driving incremental QAUs, the launch of BetStars in certain new markets, and the World Cup.

- **CrownBet and William Hill Australia –** On April 24, 2018, The Stars Group increased its equity interest in CrownBet from 62% to 80% and CrownBet acquired William Hill Australia. The aggregate purchase price under the agreements for these transactions was $435 million (inclusive of $117.7 million to acquire the previously announced 62% equity interest in CrownBet in February 2017), which was paid in a combination of cash and the issuance of approximately 3.1 million newly-issued common shares. As part of the purchase of the additional 18% equity interest in CrownBet, the management team of CrownBet is entitled to an additional payment of up to $182 million in 2020 subject to certain performance conditions and payable in cash, additional common shares or a combination thereof, at The Stars Group's discretion.

- **U.S. Sports Betting** – On May 14, 2018, the United States Supreme Court struck down, as an unconstitutional exercise of federal power, the nearly 30-year ban on sports betting under the Professional and Amateur Sports Protection Act. The Stars Group believes that the decision by the Court is an important step forward in the regulation of sports betting in the United States and that it is well-positioned to take advantage of any new business and market opportunities as they develop. Currently, more than 20 states have either existing sports betting laws or have pending legislation to legalize or study sports betting. On August 2, 2018, The Stars Group and Resorts Casino Hotel announced the extension of their existing partnership in the New Jersey regulated online gaming market to include online and mobile sports wagering through the BetStars brand alongside the already existing online poker and casino offering available through the PokerStarsNJ brand. On August 10, 2018, The Stars Group and Mount Airy Casino Resort announced a partnership to enter Pennsylvania's online sports wagering and gaming market, where The Stars Group will offer to customers in Pennsylvania its online poker, casino (including slots and tables) and sports wagering products.

- **Sky Betting & Gaming –** On July 10, 2018, The Stars Group completed the Sky Betting & Gaming acquisition. The aggregate purchase price under the transaction agreements was $4.7 billion, of which $3.6 billion was paid in cash and the remainder was paid through the issuance of approximately 37.9 million newly issued common shares. To finance the cash portion of the purchase price, repay the existing first lien term loans and repay Sky Betting & Gaming's existing long-term debt, The Stars Group used cash on its balance sheet and raised $4.567 billion in first lien term loans, $1.00 billion in senior notes and $621.8 million of net proceeds (before expenses and excluding the overallotment option, which was exercised in full by the underwriters at the end of July) from the issuance of additional common shares in a public equity offering. The Stars Group also obtained a new revolving credit facility of $700.0 million of which it had drawn $100.0 million as of completion of the acquisition.

- **Preferred Shares** – On July 18, 2018, The Stars Group completed the previously announced mandatory conversion of all of its issued and outstanding convertible preferred shares as of such date and issued approximately 52 million common shares to the holders thereof.

2018 Full Year Guidance

- **Full Year Guidance** – The Stars Group is updating its 2018 full year financial guidance ranges on a consolidated basis to reflect expected partial year contributions from the Australian acquisitions and the Sky Betting & Gaming acquisition and the impact from changes in The Stars Group's capital structure as a result of such acquisitions, including increases in The Stars Group's long-term debt outstanding and number of common shares issued and outstanding:

  - **Revenues** of between $1.995 and $2.145 billion, as compared to between $1.390 and $1.470 billion;
  - **Adjusted EBITDA** of between $755 and $810 million, as compared to between $625 and $650 million;
  - **Adjusted Net Earnings** of between $485 and $545 million, as compared to between $487 and $512 million;
  - **Adjusted Diluted Net Earnings per Share** of between $1.99 and $2.22, as compared to between $2.33 and $2.471; and
  - **Capital Expenditures** of between $110 million and $150 million.

  These unaudited expected results reflect management's view of current and future market and business conditions, including assumptions of (i) expected Betting Net Win Margin of between 8.0% and 10.5%, (ii) continued negative operating conditions in Poland and potential negative operating conditions in Russia resulting from prior regulatory changes, including constraints on payment processing, (iii) no other material regulatory events or investments associated with the entry into new markets, (iv) no impact from the gaming advertising ban in Italy, and (v) no material foreign currency exchange rate fluctuations, particularly against the Euro, Great Britain pound sterling and Australian dollar. Such guidance is also based on a Euro to U.S. dollar exchange rate of 1.17 to 1.00 as compared to 1.20 to 1.00, a Great Britain pound sterling to U.S. dollar exchange rate of 1.32 to 1.00 and an Australian dollar to U.S. dollar exchange rate of 0.74 to 1.00, Diluted Shares of between 241,000,000 and 243,000,000 for the high and low ends of the Adjusted Diluted Net Earnings per Share range, respectively, as compared to between 207,000,000 and 209,000,000, respectively, and certain accounting assumptions.

Capital Expenditures include estimated spend on intangible assets, property, plant and equipment and certain development costs.

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

The Stars Group's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2018 (the "Q2 2018 Financial Statements"), management's discussion and analysis thereon (the "Q2 2018 MD&A"), as well as 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 2018 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

The Stars Group will host a conference call today, August 13, 2018 at 8:30 a.m. ET to discuss its financial results for the second quarter ended 2018 and related matters. 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 13682288. To access the webcast please use the following link: http://public.viavid.com/index.php?id=130894

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 (loss) earnings, which is the nearest IFRS measure:

	Three Months Ended June 30, 2018			
In thousands of U.S. Dollars (except per share amounts)	International	Australia	Corporate	Consolidated
Net earnings (loss)	126,274	(6,519)	(274,579)	(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)	125,206	(6,519)	(117,623)	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 and associates	(270)	5	—	(265)
Impairment of intangibles assets and assets held for sale	958	—	—	958
Other costs	2,436	11,397	9,203	23,036
Total adjusting items	**3,124**	**11,402**	**108,095**	**122,621**
Adjusted EBITDA	**164,317**	**13,471**	**(9,518)**	**168,270**

In thousands of U.S. Dollars (except per share amounts)	Six Months Ended June 30, 2018 International	Australia	Corporate	Consolidated
Net earnings (loss)	275,216	(7,647)	(348,032)	(80,463)
Income tax recovery	—	—	2,249	2,249
Net financing charges	—	—	(198,710)	(198,710)
Net earnings from associates	1,068	—	—	1,068
Operating income (loss)	274,148	(7,647)	(151,571)	114,930
Depreciation and amortization	73,956	9,868	19	83,843
Add (deduct) the impact of the following:				
Acquisition-related costs and deal contingent forwards	—	—	110,818	110,818
Stock based compensation	—	—	5,649	5,649
Loss from investments and associates	247	—	—	247
Impairment of intangibles assets and assets held for sale	1,074	—	—	1,074
Other costs	1,371	10,404	14,956	26,731
Total adjusting items	**2,692**	**10,404**	**131,423**	**144,519**
Adjusted EBITDA	**350,796**	**12,625**	**(20,129)**	**343,292**

In thousands of U.S. Dollars (except per share amounts)	Three Months Ended June 30, 2017 International	Australia	Corporate	Consolidated
Net earnings (loss)	111,744	—	(41,261)	70,483
Income tax recovery	—	—	4,018	4,018
Net financing charges	—	—	(39,052)	(39,052)
Operating income (loss)	111,744	—	(6,227)	105,517
Depreciation and amortization	36,530	—	70	36,600
Add (deduct) the impact of the following:				
Stock based compensation	—	—	2,452	2,452
(Gain) loss from investments	(8,452)	—	12,944	4,492
Reversal of impairment of intangibles assets and assets held for sale	(629)	—	—	(629)
Other costs (income)	6,635	—	(8,528)	(1,893)
Total adjusting items	**(2,446)**	**—**	**6,868**	**4,422**
Adjusted EBITDA	**145,828**	**—**	**711**	**146,539**

In thousands of U.S. Dollars (except per share amounts)	Six Months Ended June 30, 2017 International	Australia	Corporate	Consolidated
Net earnings (loss)	239,385	—	(103,149)	136,236
Income tax recovery	—	—	1,330	1,330
Net financing charges	—	—	(81,497)	(81,497)
Operating income (loss)	239,385	—	(22,982)	216,403
Depreciation and amortization	72,188	—	147	72,335
Add (deduct) the impact of the following:				
Stock based compensation	—	—	4,616	4,616
(Gain) loss from investments	(8,572)	—	13,217	4,645
Reversal of impairment of intangibles assets and assets held for sale	(5,043)	—	(2,268)	(7,311)
Other costs (income)	9,428	—	(2,576)	6,852
Total adjusting items	**(4,187)**	**—**	**12,989**	**8,802**
Adjusted EBITDA	**307,386**	**—**	**(9,846)**	**297,540**

In thousands of U.S. Dollars (except per share amounts)	Three Months Ended June 30, 2018	2017	Six Months Ended June 30, 2018	2017
Net (loss) earnings	**(154,824)**	**70,483**	**(80,463)**	**136,236**
Add (deduct) the impact of the following:				
Interest accretion	12,726	12,147	24,777	24,940
Loss on debt extinguishment	124,976	—	124,976	—
Acquisition-related costs and deal contingent forwards	95,627	—	110,818	—
Amortization of acquisition intangibles	31,482	31,075	62,858	62,150
Deferred income tax recovery	(4,890)	(4,098)	(5,814)	(4,732)
Stock based compensation	3,265	2,452	5,649	4,616
(Gain) loss from investments and associates	(1,333)	4,491	(821)	4,645
Impairment (reversal of impairment) of intangibles assets and assets held for sale	958	(629)	1,074	(7,311)
Other costs (income)	23,036	(1,893)	26,731	6,852
Adjusted net earnings	**131,023**	**114,028**	**269,785**	**227,396**
Adjusted net earnings attributable to				
Shareholders of The Stars Group Inc.	129,237	114,028	269,469	227,396
Non-controlling interest	1,786	—	316	—
	—	—	—	—
Weighted average diluted number of shares	215,380,175	203,467,303	212,449,078	201,969,186
Adjusted Diluted Net Earnings per Share attributable to Shareholders of The Stars Group Inc	0.60	0.56	1.27	1.13

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, 2018 $000's	Three Months Ended June 30, 2017 $000's	Six Months Ended June 30, 2018 $000's	Six Months Ended June 30, 2017 $000's
Integration costs	11,467	—	11,467	—
Financial expenses (income)	4,370	(6,622)	2,049	(9,066)
Termination of employment agreements	1,387	682	2,058	2,808
AMF and other investigation professional fees	2,875	2,764	4,659	5,153
Lobbying (US and Non-US) and other legal expenses	2,665	4,598	5,658	9,318
Non-recurring professional fees	102	842	553	1,504
Retention bonuses	117	615	234	1,230
Loss on disposal of assets	41	202	41	261
Austria gaming duty	—	(5,000)	—	(5,000)
Termination of affiliate agreements	—	—	—	407
Other	12	26	12	237
Other costs	**23,036**	**(1,893)**	**26,731**	**6,852**

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, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net cash inflows from operating activities	164,011	130,426	296,080	225,973
Customer deposit liability movement	(14,090)	9,053	(13,901)	25,282
	149,921	139,479	282,179	251,255
Capital Expenditure:				
Additions to deferred development costs	(9,759)	(6,013)	(16,190)	(10,426)
Additions to property and equipment	(5,676)	(1,398)	(9,261)	(2,254)
Additions to intangible assets	(9,415)	(212)	(11,842)	(919)
Interest paid	(34,790)	(31,017)	(66,278)	(65,064)
Debt principal repayments	(5,425)	(5,982)	(11,493)	(12,870)
Free Cash Flow	84,856	94,857	167,115	159,722

The Stars Group has not provided a reconciliation of the non-IFRS measures to the nearest IFRS measures included in its full year 2018 financial guidance provided in this news release, including Adjusted EBITDA, Adjusted Net Earnings and Adjusted Diluted Net Earnings per Share, because certain reconciling items necessary to accurately project such IFRS measures, particularly net earnings (loss), cannot be reasonably projected due to a number of factors, including variability from potential foreign exchange fluctuations impacting financial expenses, and the nature of other non-recurring or one-time costs (which are excluded from non-IFRS measures but included in net earnings (loss)), as well as the typical variability arising from the audit of annual financial statements, including, without limitation, certain income tax provision accounting, and related accounting matters.

For additional information on The Stars Group’s non-IFRS measures, see below and the Q2 2018 MD&A, including under the headings “Management’s Discussion and Analysis”, “Limitations of Key Metrics, Other Data and Non-IFRS Measures” and “Key Metrics and Non-IFRS Measures”.

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, BetEast, Sky Bet, Sky Vegas, Sky Casino, Sky Bingo, and Sky Poker, as well as live poker tour and event 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 19 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 full year 2018 financial guidance, and certain future operational and growth plans and strategies, including as it relates to certain recently announced acquisitions. 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, its subsidiaries, and its and their respective customers and industries. 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: the heavily regulated industry in which The Stars Group carries on its business; risks associated with interactive entertainment and online and mobile gaming generally; 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; potential changes to the gaming regulatory framework; legal and regulatory requirements; 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; competition and the competitive environment within addressable markets and industries; impact of inability to complete future or announced acquisitions or to integrate businesses successfully; The Stars Group's substantial indebtedness requires that it use a significant portion of its cash flow to make debt service payments; The Stars Group's secured credit facilities contain covenants and other restrictions that may limit its flexibility in operating its business; risks associated with advancements in technology, including artificial intelligence; ability to develop and enhance existing product offerings and new commercially viable product offerings; ability to mitigate foreign exchange and currency risks; ability to mitigate tax risks and adverse tax consequences, including, without limitation, the imposition of new or additional taxes, such as value-added and point of consumption taxes, and gaming duties; The Stars Group's exposure to greater than anticipated tax liability; risks of foreign operations generally; protection of proprietary technology and intellectual property rights; 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; 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 Stars Group 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, without limitation, as it relates to payment processing; ability to obtain additional financing or to complete any refinancing on reasonable terms or at all; customer and operator preferences and changes in the economy; 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; and natural events; contractual relationships of Sky Betting & Gaming or The Stars Group with Sky plc and/or its subsidiaries; counterparty risks; failure of systems and controls of The Stars Group to restrict access to its products; reliance on scheduling and live broadcasting of major sporting events; macroeconomic conditions and trends in the gaming and betting industry; bookmaking risks; an ability to realize projected financial increases attributable to acquisitions and The Stars Group's business strategies; and an ability to realize all or any of The Stars Group's estimated synergies and cost savings in connection with acquisitions. Other applicable risks and uncertainties include, but are not limited to, those identified in The Stars Group's annual information form for the year ended December 31, 2017, including under the heading "Risk Factors and Uncertainties", in The Stars Group's prospectus supplement dated June 21, 2018 to the short form base shelf prospectus dated January 16, 2018 under the heading "Risk Factors", and in the Q2 2018 MD&A, including under the headings "Risk Factors and Uncertainties", "Limitations of Key Metrics, Other Data and Non-IFRS Measures" and "Key Metrics and Non-IFRS Measures", 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 with applicable securities authorities in the future. Investors are cautioned not to put undue reliance on forward-looking statements or information. 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, including QNY, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Earnings, Adjusted Diluted Net Earnings per Share, and Free Cash Flow. The Stars Group believes these non-IFRS financial measures will provide investors with useful supplemental information about the financial 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. Although management believes these 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, limiting its usefulness for comparison purposes. Moreover, presentation of certain of these measures is provided for year-over-year 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 taxes 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, deferred income taxes, stock-based compensation, restructuring and certain other items as set out in the reconciliation tables under "Reconciliation of Non-IFRS Measures to Nearest IFRS Measures" above.

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, warrants and the Preferred Shares. 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 7 in the Q2 2018 Financial Statements. For the three and six months ended June 30, 2018, Diluted Shares used for the calculation of Adjusted Diluted Net Earnings per Share equaled 215,380,175 and 212,449,178, respectively, compared with 203,467,303 and 201,969,186 for the same periods in 2017. For the purposes of the full year 2018 financial guidance provided in this news release, Diluted Shares equals between 241,000,000 and 243,000,000 for the high and low ends of the Adjusted Net Earnings per Diluted Share range, respectively.

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). The Stars Group believes that removing movements in customer deposit liabilities provides a more meaningful understanding of its free cash flows as customer deposits are not available funds for The Stars Group to use for financial or operational purposes.

To calculate revenue on a constant currency basis, The Stars Group translated revenue for the three and six months ended June 30, 2018 using the prior year's monthly exchange rates for its local currencies other than the U.S. dollar, which The Stars Group believes is a useful metric that facilitates comparison to its historical performance.

For additional information on The Stars Group's non-IFRS measures, see the Q2 2018 MD&A, including under the headings "Management's Discussion and Analysis", "Limitations of Key Metrics, Other Data and Non-IFRS Measures" and "Key Metrics and Non-IFRS Measures".

Key Metrics and Other Data

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

QAUs means as 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 on during the applicable quarterly period. The Stars Group defines unique 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). 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.

QNY means combined revenue for its lines of operation (i.e., Poker, Gaming and/or Betting), excluding Other revenues, 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. The Stars Group provides QNY on a U.S. dollar and constant currency basis. QNY is a non-IFRS measure.

Net Deposits 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 is calculated as Betting revenue as a proportion of Stakes.

The Stars Group is in the process of the integration and migration of customers and platforms with respect to the Australian acquisitions and once complete, The Stars Group intends to report certain key metrics for the Australia segment in addition to Stakes and Betting Net Margin.

For additional information on The Stars Group's key metrics and other data, see the Q2 2018 MD&A, including under the headings "Limitations of Key Metrics, Other Data and Non-IFRS Measures", "Key Metrics and Non-IFRS Measures" and "Segment Results of Operations".

For investor relations, please contact:
Tim Foran
Tel: +1 437-371-5730
ir@starsgroup.com

For media inquiries, please contact:

Eric Hollreiser
Press@starsgroup.com

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

In thousands of U.S. Dollars (except per share amounts)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenues	411,512	305,305	804,403	622,625
Cost of revenue	(83,637)	(52,668)	(163,901)	(115,129)
Gross profit	**327,875**	**252,637**	**640,502**	**507,496**
General and administrative	(262,786)	(110,395)	(404,093)	(213,250)
Sales and marketing	(54,899)	(31,342)	(104,319)	(65,360)
Research and development	(9,126)	(5,383)	(17,160)	(12,483)
Operating income	**1,064**	**105,517**	**114,930**	**216,403**
Net financing charges	(160,360)	(39,052)	(198,710)	(81,497)
Net earnings from associates	1,068	—	1,068	—
(Loss) earnings before income taxes	**(158,228)**	**66,465**	**(82,712)**	**134,906**
Income tax recovery	3,404	4,018	2,249	1,330
Net (loss) earnings	**(154,824)**	**70,483**	**(80,463)**	**136,236**
Net (loss) earnings attributable to				
Shareholders of The Stars Group Inc.	(153,645)	70,494	(78,194)	135,905
Non-controlling interest	(1,179)	(11)	(2,269)	331
Net (loss) earnings	**(154,824)**	**70,483**	**(80,463)**	**136,236**
(Loss) earnings per Common Share (U.S. dollars)				
Basic	$ (1.01)	$ 0.48	$ (0.52)	$ 0.93
Diluted	$ (1.01)	$ 0.35	$ (0.52)	$ 0.67
Weighted Average Common Shares Outstanding (thousands)				
Basic	152,788	146,703	150,523	146,136

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In thousands of U.S. Dollars	As at June 30, 2018	As at December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents - operational	1,052,146	283,225
Cash and cash equivalents - customer deposits	274,862	227,098
Total cash and cash equivalents	1,327,008	510,323
Restricted cash advances and collateral	12,077	7,862
Prepaid expenses and other current assets	32,058	29,695
Current investments - customer deposits	106,074	122,668
Accounts receivable	96,071	100,409
Income tax receivable	16,161	16,540
Derivatives	-	2,037
Total current assets	**1,589,449**	**789,534**
Non-current assets		
Restricted cash advances and collateral	45,739	45,834
Prepaid expenses and other non-current assets	29,892	26,551
Non-current accounts receivable	12,472	11,818
Property and equipment	54,405	44,837
Income tax receivable	19,013	14,061
Deferred income taxes	6,110	5,141
Goodwill and intangible assets	4,950,655	4,477,350
Total non-current assets	**5,118,286**	**4,625,592**
Total assets	**6,707,735**	**5,415,126**
LIABILITIES		
Current liabilities		
Accounts payable and other liabilities	265,439	194,187
Customer deposits	380,936	349,766
Current provisions	22,227	17,590
Derivatives	60,347	—
Income tax payable	71,881	35,941
Due to related party	926	—
Current portion of long-term debt	21,700	4,990
Total current liabilities	**823,456**	**602,474**
Non-current liabilities		
Long-term debt	2,705,179	2,353,579
Long-term provisions	3,145	3,093
Derivatives	61,868	111,762
Other long-term liabilities	88,777	—
Due to related party	35,124	—
Income tax payable	6,676	24,277
Deferred income taxes	105,098	16,510
Total non-current liabilities	**3,005,867**	**2,509,221**
Total liabilities	**3,829,323**	**3,111,695**
EQUITY		
Share capital	2,644,866	1,884,219
Reserves	(336,980)	(142,340)
Retained earnings	527,019	561,519
Equity attributable to the Shareholders of The Stars Group Inc.	**2,834,905**	**2,303,398**
Non-controlling interest	43,507	33
Total equity	**2,878,412**	**2,303,431**
Total liabilities and equity	**6,707,735**	**5,415,126**

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of U.S. Dollars	Six Months Ended June 30, 2018	2017
Operating activities		
Net (loss) earnings	(80,463)	136,236
Add (deduct):		
Income taxes recognized in net earnings	(2,249)	(1,330)
Net financing charges	198,710	81,638
Depreciation and amortization	83,843	72,335
Unrealized loss (gain) on foreign exchange	68,996	(6,512)
Unrealized gain on investments	(164)	(779)
Impairment (reversal of impairment) of intangible assets and assets held for sale	1,074	(7,312)
Net earnings from associates	(1,068)	—
Realized loss (gain) on current investments and promissory note	28	(7,127)
Income taxes paid	(15,772)	(7,025)
Changes in non-cash operating elements of working capital	18,525	(11,357)
Customer deposit liability movement	13,901	(25,282)
Other	10,719	2,488
Net cash inflows from operating activities	**296,080**	**225,973**
Investing activities		
Acquisition of subsidiaries, net of cash acquired	(310,563)	(6,513)
Additions to intangible assets	(11,842)	(919)
Additions to property and equipment	(9,261)	(2,254)
Additions to deferred development costs	(16,190)	(10,426)
Net sale of investments utilizing customer deposits	16,044	6,682
Settlement of promissory note	—	8,084
Net investment in associates	1,068	—
Other	(3,850)	(3,584)
Net cash outflows from investing activities	**(334,594)**	**(8,930)**
Financing activities		
Issuance of common shares	646,000	—
Transaction costs on issuance of common shares	(24,225)	—
Issuance of common shares in relation with exercised employee stock options	27,627	7,222
Issuance of debt	425,041	—
Repayment of debt	(106,493)	(12,870)
Transaction costs on long-term debt	(23,061)	(4,719)
Loan from related party	30,918	—
Interest paid	(66,278)	(65,064)
Payment of deferred consideration	—	(197,510)
Gain on settlement of derivatives	—	13,904
Acquisition of further interest in subsidiaries	(48,240)	—
Other	-	(7,602)
Net cash inflows (outflows) from financing activities	**861,289**	**(266,639)**
Increase (decrease) in cash and cash equivalents	822,775	(49,596)
Unrealized foreign exchange difference on cash and cash equivalents	(6,090)	9,346
Cash and cash equivalents – beginning of period	510,323	267,684
Cash and cash equivalents - end of period	**1,327,008**	**227,434**

Exhibit 99.2

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2018

August 13, 2018

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UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

In thousands of U.S. Dollars (except per share amounts)	Note	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017 **	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017 **
Revenues	4,5	411,512	305,305	804,403	622,625
Cost of revenue	6	(83,637)	(52,668)	(163,901)	(115,129)
Gross profit		**327,875**	**252,637**	**640,502**	**507,496**
General and administrative	6	(262,786)	(110,395)	(404,093)	(213,250)
Sales and marketing		(54,899)	(31,342)	(104,319)	(65,360)
Research and development		(9,126)	(5,383)	(17,160)	(12,483)
Operating income		**1,064**	**105,517**	**114,930**	**216,403**
Net financing charges	6	(160,360)	(39,052)	(198,710)	(81,497)
Net earnings from associates		1,068	—	1,068	—
(Loss) earnings before income taxes		**(158,228)**	**66,465**	**(82,712)**	**134,906**
Income tax recovery		3,404	4,018	2,249	1,330
Net (loss) earnings		**(154,824)**	**70,483**	**(80,463)**	**136,236**
Net (loss) earnings attributable to					
Shareholders of The Stars Group Inc.		(153,645)	70,494	(78,194)	135,905
Non-controlling interest		(1,179)	(11)	(2,269)	331
Net (loss) earnings		**(154,824)**	**70,483**	**(80,463)**	**136,236**
(Loss) earnings per Common Share (U.S. dollars)					
Basic	7	$ (1.01)	$ 0.48	$ (0.52)	$ 0.93
Diluted	7	$ (1.01)	$ 0.35	$ (0.52)	$ 0.67
Weighted Average Common Shares Outstanding (thousands)					
Basic	7	152,788	146,703	150,523	146,136
Diluted	7	152,788	203,467	150,523	201,969

* The Corporation has applied IFRS 9 and IFRS 15 from January 1, 2018. In line with the transition methods chosen by the Corporation, comparative information has not been restated. See note 16.

** Certain amounts were reclassified in the comparatives. Please refer to note 2.

See accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In thousands of U.S. Dollars	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017 *
Net (loss) earnings	**(154,824)**	**70,483**	**(80,463)**	**136,236**
Items that are or may be reclassified to net (loss) earnings				
Debt instruments at FVOCI – gain (loss) in fair value **	435	—	(354)	—
Debt instruments at FVOCI – reclassified to net earnings	35	—	42	—
Available-for-sale investments – gain in fair value ***	—	12,380	—	16,338
Available-for-sale investments – reclassified to net earnings	—	(2,018)	—	(3,625)
Foreign operations – unrealized foreign currency translation differences	76,761	(100,367)	31,518	(112,785)
Cash flow hedges – effective portion of changes in fair value †	52,219	(84,571)	19,124	(93,299)
Cash flow hedges – reclassified to net earnings †	(47,707)	85,670	(9,491)	93,521
Other comprehensive income (loss)	81,743	(88,906)	40,839	(99,850)
Total comprehensive (loss) income	**(73,081)**	**(18,423)**	**(39,624)**	**36,386**
Total comprehensive (loss) income attributable to:				
Shareholders of The Stars Group Inc.	(71,902)	(18,412)	(37,355)	36,055
Non-controlling interest	(1,179)	(11)	(2,269)	331
Total comprehensive (loss) income	**(73,081)**	**(18,423)**	**(39,624)**	**36,386**

* The Corporation has applied IFRS 9 and IFRS 15 from January 1, 2018. In line with the transition methods chosen by the Corporation, comparative information has not been restated. See note 16.

** Net of income tax recovery of $517,000 for each of the three and six months ended June 30, 2018 (2017 - net of income tax recovery of $nil for both periods).

*** Net of income tax expense of $nil for each of the three and six months ended June 30, 2018 (2017 - net of income tax expense of $35,000 and income tax recovery of $146,000, respectively).

† Net of income tax of $nil for each of the three and six months ended June 30, 2018 (2017 - $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, 2018	As at December 31, 2017 *
ASSETS			
Current assets			
Cash and cash equivalents - operational		1,052,146	283,225
Cash and cash equivalents - customer deposits		274,862	227,098
Total cash and cash equivalents		1,327,008	510,323
Restricted cash advances and collateral		12,077	7,862
Prepaid expenses and other current assets		32,058	29,695
Current investments - customer deposits		106,074	122,668
Accounts receivable		96,071	100,409
Income tax receivable		16,161	16,540
Derivatives	10	—	2,037
Total current assets		**1,589,449**	**789,534**
Non-current assets			
Restricted cash advances and collateral		45,739	45,834
Prepaid expenses and other non-current assets		29,892	26,551
Non-current accounts receivable		12,472	11,818
Property and equipment		54,405	44,837
Income tax receivable		19,013	14,061
Deferred income taxes		6,110	5,141
Goodwill and intangible assets	8	4,950,655	4,477,350
Total non-current assets		**5,118,286**	**4,625,592**
Total assets		**6,707,735**	**5,415,126**
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities		265,439	194,187
Customer deposits		380,936	349,766
Current provisions	11	22,227	17,590
Derivatives	10	60,347	—
Income tax payable		71,881	35,941
Due to related party	17	926	—
Current portion of long-term debt	9	21,700	4,990
Total current liabilities		**823,456**	**602,474**
Non-current liabilities			
Long-term debt	9	2,705,179	2,353,579
Long-term provisions	11	3,145	3,093
Derivatives	10	61,868	111,762
Other long-term liabilities		88,777	—
Due to related party	17	35,124	—
Income tax payable		6,676	24,277
Deferred income taxes		105,098	16,510
Total non-current liabilities		**3,005,867**	**2,509,221**
Total liabilities		**3,829,323**	**3,111,695**
EQUITY			
Share capital	12	2,644,866	1,884,219
Reserves	13	(336,980)	(142,340)
Retained earnings		527,019	561,519
Equity attributable to the Shareholders of The Stars Group Inc.		**2,834,905**	**2,303,398**
Non-controlling interest		43,507	33
Total equity		**2,878,412**	**2,303,431**
Total liabilities and equity		**6,707,735**	**5,415,126**

* The Corporation has applied IFRS 9 and IFRS 15 from January 1, 2018. In line with the transition methods chosen by the Corporation, comparative information has not been restated. See note 16. Certain amounts were reclassified in the comparatives. See note 2.
See accompanying notes.

Approved and authorized for issue on behalf of the Board on August 13, 2018.

(Signed) *"Divyesh (Dave) Gadhia"*, Director
Divyesh (Dave) Gadhia,
Executive Chairman of the Board

(Signed) *"David Lazzarato"*, Director
David Lazzarato,
Chairman of the Audit Committee

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2018 and 2017:

	Share Capital								
In thousands of U.S. Dollars	**Common Shares Number**	**Preferred Shares Number**	**Common Shares amount**	**Preferred Shares amount**	**Reserves (note 13)**	**Retained Earnings**	**Equity attributable to the owners of The Stars Group Inc.**	**Non-controlling interest**	**Total equity**
Balance – January 1, 2017	**145,101,127**	**1,139,249**	**1,178,404**	**684,385**	**35,847**	**302,288**	**2,200,924**	**804**	**2,201,728**
Net earnings	—	—	—	—	—	135,905	**135,905**	331	**136,236**
Other comprehensive loss	—	—	—	—	(99,850)	—	**(99,850)**	—	**(99,850)**
Total comprehensive (loss) income	—	—	—	—	(99,850)	135,905	**36,055**	331	**36,386**
Issue of Common Shares in relation to Stock Options and Equity awards	2,100,775	—	9,751	—	(2,509)	—	**7,242**	—	**7,242**
Issue of Common Shares in relation to Stock Options and Equity awards	(76,437)	—	(492)	—	492	—	—	—	—
Stock-based compensation	—	—	—	—	4,616	—	**4,616**	—	**4,616**
Acquisition of non-controlling interest	—	—	—	—	468	—	**468**	(825)	**(357)**
Balance – June 30, 2017	**147,125,465**	**1,139,249**	**1,187,663**	**684,385**	**(60,936)**	**438,193**	**2,249,305**	**310**	**2,249,615**
Balance – December 31, 2017 *	**147,947,874**	**1,139,249**	**1,199,834**	**684,385**	**(142,340)**	**561,519**	**2,303,398**	**33**	**2,303,431**
Adjustment on adoption of IFRS 9 **	—	—	—	—	213	43,694	43,907	—	**43,907**
Balance - January 1, 2018 (restated)	**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 equity awards	1,599,883	—	33,891	—	(6,264)	—	**27,627**	—	**27,627**
Transfer from Preference 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 future acquisition	17,000,000	—	621,775	—	—	—	**621,775**	—	**621,775**
Re-allocation from Contributed Surplus to Share Capital for 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**

* The Corporation has applied IFRS 9 and IFRS 15 from January 1, 2018. In line with the transition methods chosen by the Corporation, comparative information has not been restated. See note 16.

** During the quarter ended June 30, 2018, the Corporation made a non-material adjustment, totaling $12.9 million, to the amounts recognized in retained earnings in respect of the adoption of IFRS 9. See note 16.

See accompanying notes.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of U.S. Dollars	Note	Six Months Ended June 30, 2018	2017 *
Operating activities			
Net (loss) earnings		(80,463)	136,236
Add (deduct):			
Income taxes recognized in net earnings		(2,249)	(1,330)
Net financing charges		198,710	81,638
Depreciation and amortization		83,843	72,335
Unrealized loss (gain) on foreign exchange		68,996	(6,512)
Unrealized gain on investments		(164)	(779)
Impairment (reversal of impairment) of intangible assets and assets held for sale		1,074	(7,312)
Net earnings from associates		(1,068)	—
Realized loss (gain) on current investments and promissory note		28	(7,127)
Income taxes paid		(15,772)	(7,025)
Changes in non-cash operating elements of working capital		18,525	(11,357)
Customer deposit liability movement		13,901	(25,282)
Other		10,719	2,488
Net cash inflows from operating activities		**296,080**	**225,973**
Investing activities			
Acquisition of subsidiaries, net of cash acquired	14	(310,563)	(6,513)
Additions to intangible assets		(11,842)	(919)
Additions to property and equipment		(9,261)	(2,254)
Additions to deferred development costs		(16,190)	(10,426)
Net sale of investments utilizing customer deposits		16,044	6,682
Settlement of promissory note		—	8,084
Net investment in associates		1,068	—
Other		(3,850)	(3,584)
Net cash outflows from investing activities		**(334,594)**	**(8,930)**
Financing activities			
Issuance of common shares		646,000	—
Transaction costs on issuance of common shares		(24,225)	—
Issuance of common shares in relation with exercised employee stock options		27,627	7,222
Issuance of debt		425,041	—
Repayment of debt		(106,493)	(12,870)
Transaction costs on long-term debt		(23,061)	(4,719)
Loan from related party		30,918	—
Interest paid		(66,278)	(65,064)
Payment of deferred consideration		—	(197,510)
Gain on settlement of derivatives		—	13,904
Acquisition of further interest in subsidiaries		(48,240)	—
Other		—	(7,602)
Net cash inflows (outflows) from financing activities		**861,289**	**(266,639)**
Increase (decrease) in cash and cash equivalents		822,775	(49,596)
Unrealized foreign exchange difference on cash and cash equivalents		(6,090)	9,346
Cash and cash equivalents – beginning of period		510,323	267,684
Cash and cash equivalents - end of period		**1,327,008**	**227,434**

* The Corporation has applied IFRS 9 and IFRS 15 from January 1, 2018. In line with the transition methods chosen by the Corporation, comparative information has not been restated. See note 16.

See accompanying notes.

1. NATURE OF BUSINESS

The Stars Group Inc. (“The Stars Group” or the “Corporation”), is a leading provider of technology-based product offerings in the global gaming and interactive entertainment industries. As at June 30, 2018, The Stars Group had two reportable segments, the international business (“International”) and the Australian business (“Australia”), and a corporate cost center (“Corporate”). There are 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 other gaming-related revenues, including, without limitation, from social and play-money gaming, live poker events, branded poker rooms and other nominal sources of revenue (“Other”). As it relates to these four lines of operations, online revenues include revenues generated through the Corporation’s real-money online, mobile and desktop client platforms.

Through Stars Interactive Holdings (IOM) Limited and its subsidiaries and affiliates (collectively, the “Stars Interactive Group”), which is based in the Isle of Man and operates globally, and CrownBet Holdings Pty Limited and its subsidiaries and affiliates, including William Hill Australia Holdings Pty Ltd and its subsidiaries and affiliates, an Australian-based online sportsbook (“William Hill Australia” and collectively, “CrownBet”), which operates and is based in Australia, the Corporation ultimately owns and operates gaming and related interactive entertainment businesses, which it offers under several owned brands, including, among others, *PokerStars*, *PokerStars Casino*, *BetStars*, *Full Tilt,* and *BetEasy* as well as live poker tour and event 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 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”.

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 International Accounting Standards Board, 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, 2017 (the “2017 Financial Statements”). These unaudited interim condensed consolidated financial statements should be read in conjunction with the 2017 Financial Statements.

On January 1, 2018, the Corporation adopted the provisions in *IFRS 9*, *Financial Instruments* and *IFRS 15*, *Revenues from Contracts with Customers*. See note 16. 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, 2018.

Certain reclassifications have been made during the second quarter to the comparative unaudited interim condensed consolidated financial statements to enhance comparability with the current period’s presentation. These changes were made in response to segment changes following the Australian Acquisitions (as defined below), see note 5, and to align with financial measures commonly used in the industry. As a result, certain line items have been amended in the comparative unaudited interim condensed consolidated statements of earnings, statements of financial position, statements of cash flows and the related notes to the unaudited interim condensed consolidated financial statements. These reclassifications have been outlined below:

Unaudited Interim Condensed Consolidated Statement of Financial Position

The following re-classifications to the comparative period have been made during the second quarter of 2018:

- Current assets: Prepaid expenses and deposits ($29.4 million) and Inventories ($0.3 million) were reported separately in previous periods and are now reported within Prepaid expenses and other current assets.
- Non-Current assets: Prepaid expenses and deposits ($16.5 million), Long term investments ($7.0 million) and Investment tax credits receivable ($3.1 million) were reported separately in previous periods and are now reported within Prepaid expenses and other non-current assets.
- Current Liabilities: Accounts payable and accrued liabilities ($151.5 million) and Other payables ($42.7 million) were reported separately in previous periods and are now reported within Accounts payable and other liabilities.

Unaudited Interim Condensed Consolidated Statement of Earnings

The Corporation introduced the following measures during the second quarter of 2018 resulting in a re-classification of the comparative period: Cost of revenue, Gross profit and Operating income.

- Cost of revenue now includes the following:
  - Gaming duty ($25.7 million and $60.2 million for the three and six months ended June 30, 2017), previously reported separately on the unaudited interim condensed consolidated statements of earnings.
  - Processor costs ($16.6 million and $33.3 million for the three and six months ended June 30, 2017), previously reported within General and administrative in the unaudited interim condensed consolidated statements of earnings.
  - Royalties ($7.1 million and $14.1 million for the three and six months ended June 30, 2017) and affiliates costs ($1.4 million and $3.4 million for the three and six months ended June 30, 2017) previously reported within Selling costs in the unaudited interim condensed consolidated statements of earnings.

- The following re-classifications were made to the expenses not included in Cost of revenue:
  - General and administrative expenses, as previously reported, now also include the following:
    - Foreign exchange ($2.1 million loss and $0.3 million gain for the three and six months ended June 30, 2017) and bank charges ($0.2 million and $0.5 million for the three and six months ended June 30, 2017), previously reported within Financial expenses.
    - A portion of Gain on investments ($4.5 million and $4.6 million for the three and six months ended June 30, 2017), previously reported separately within Gain from investments in the unaudited interim condensed consolidated statement of earnings.
  - Sales and marketing:
    - Selling expenses remain as reported in previous periods, except for the exclusion of costs now included in Cost of revenue as described above.
  - Research and development:
    - Previously reported within General and administrative expenses and now reported separately on the unaudited interim condensed consolidated statement of earnings.
  - Net financing charges:
    - Financial expenses remain as previously reported, except for the inclusion of a portion of Gain from investments, primarily related to investment income ($0.3 million and $0.6 million for the three and six months ended June 30, 2017) (previously reported separately on the unaudited interim condensed consolidated statement of earnings) and exclude foreign exchange and bank charges (which are now included in General and administrative expenses as noted above).

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 $” are to Canadian dollars, references to “GBP” are to British Pound Sterling and references to “AUD” or “A$” 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, 2018. References to “IFRS” and “IASB” are to International Financial Reporting Standards and the International Accounting Standards Board, respectively.

New significant accounting policies

IFRS 9, Financial Instruments

The Corporation has applied *IFRS 9, Financial Instruments* retrospectively from January 1, 2018. In accordance with the practical expedients permitted under the standard, comparative information for 2017 has not been restated.

For further information regarding the impact of IFRS 9, see note 16.

Financial Assets

Financial assets are initially recognized at fair value and from January 1, 2018 are classified into one of the following measurement categories:

- Those to be measured subsequently at fair value, either through profit or loss or other comprehensive income; or
- Those to be measured at amortized cost.

The classification depends on the Corporation's business model for managing the financial assets and the contractual terms of the cash flows. Except in very limited circumstances, the classification may not be changed subsequent to initial recognition. The Corporation only reclassifies debt instruments when its business model for managing those assets changes.

For assets measured at fair value, gains and losses are recorded in profit or loss or other comprehensive income. For investments in debt instruments, the classification depends on the business model and the contractual terms of the respective cash flows for which the investment is held. For investments in equity instruments that are not held for trading, the classification depends on whether the Corporation has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through other comprehensive income.

At initial recognition, the Corporation measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Corporation's business model for managing the asset and the cash flow characteristics of that asset. There are three measurement categories into which the Corporation classifies its debt instruments:

- Amortized cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is recognized using the effective interest rate method.

- Fair value through other comprehensive income ("FVOCI"): assets that are held for collection of contractual cash flows and for sale, where the cash flows represent solely payments of principal and interest are measured at FVOCI. Movements in the carrying amount are recorded in other comprehensive income, with impairment gains or losses, interest revenue and foreign exchange gains and losses recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is recognized using the effective interest rate method.

- Fair value through profit or loss ("FVTPL"): assets that do not meet the criteria for classification as amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the unaudited interim condensed consolidated statements of earnings.

Equity instruments

The Corporation subsequently measures all equity instruments at fair value. Where the Corporation's management elects to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss upon the derecognition of those instruments. Dividends from such instruments continue to be recognized in profit or loss when the Corporation's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the unaudited interim condensed consolidated statements of earnings.

Impairment

At the end of each reporting period, the Corporation assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Corporation applies the simplified approach permitted by IFRS 9 for trade receivables and other financial assets held at amortized cost, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The impairment provision recorded in respect of debt instruments carried at FVOCI is determined at 12-months expected credit losses on the basis that the Corporation considers these instruments as low risk.

The forward-looking element is derived from comparison of current and projected macro-economic indicators covering primary markets in which the Corporation operates.

Financial Liabilities

Debt modification

The Corporation may pursue amendments to its credit agreements based on, among other things, prevailing market conditions. Such amendments, when completed, are considered by the Corporation to be debt modifications. For debt which is repayable at par with nominal break costs, the company has elected to account for such debt modifications as equivalent to repayment at no cost of the original financial instrument and an origination of a new debt at market conditions. Resetting the debt to market conditions with the same lender has the same economic substance as extinguishing the original financial instrument and originating new debt with a third party lender at market conditions. The transaction is accounted for as an extinguishment of the original debt instrument, which is derecognized and replaced by the amended debt instrument, with any costs or fees incurred on the original debt instrument recognized as part of the gain or loss on extinguishment.

For all other debt, the accounting treatment of debt modifications depends upon whether the modified terms are substantially different than the previous terms. The terms of an amended debt agreement are considered substantially different when the discounted present value of the cash flows under the new terms, discounted using the original effective interest rate, are at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is considered to be substantially different, the transaction is accounted for as an extinguishment of the original debt instrument, which is derecognized and replaced by the amended debt instrument, with any costs or fees incurred on the original debt instrument recognized as part of the gain or loss on extinguishment. If the modification is not considered to be substantially different, an adjustment to the carrying amount of the original debt instrument is recorded, which is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Derivatives

The Corporation uses derivative instruments for risk management purposes and does not use derivative instruments for speculative trading purposes. All derivatives are recorded at fair value in the unaudited interim condensed consolidated statements of financial position. For derivatives not designated as hedging instruments, the re-measurement of those derivatives each period is recognized in the unaudited interim condensed consolidated statements of earnings.

Derivatives are measured at fair value using pricing and valuation models whenever possible, including market-based inputs to models, broker or dealer quotations or alternative pricing sources.

As permitted by IFRS 9, the Corporation has elected to continue to apply the hedge accounting requirements of IAS 39 rather than the new requirements of IFRS 9.

IFRS 15, Revenues from Contracts with Customers

The Corporation has applied *IFRS 15, Revenues from Contracts with Customers* from January 1, 2018. As permitted, the Corporation has applied the standard using the modified retrospective approach, whereby the cumulative impact of adoption is recognized in opening retained earnings. Comparative information for 2017 has not been restated.

The adoption of IFRS 15 did not have a material impact on the timing and amount of revenue recognized by the Corporation.

For further information regarding the impact of IFRS 15, see note 16.

Sources of estimation uncertainty

Valuation of acquired intangible assets

Acquisitions may result in the recognition of certain intangible assets including but not limited to, software technology, customer relationships, and brands. Such key estimates made by management in connection with the valuation of acquired intangible assets relating to the acquisition of a majority equity interest in CrownBet and CrownBet’s acquisition of William Hill Australia (collectively, the “Australian Acquisitions”), included:

(i) Discount rates –The Corporation used discount rates ranging from 8% to 10%.

(ii) Attrition rates – The Corporation valued certain intangibles using estimated attrition rates from 5% to 10%.

(iii) Estimating future cash flows –The Corporation considered historical performance and industry assessments among other sources in the estimation of the cash flows, where significant estimation uncertainty exists with respect to forecasting, and growth assumptions used in the valuation of intangibles.

Valuation of contingent payment on acquisition of non-controlling interest

As part of the incremental acquisition of an 18% equity interest in CrownBet, CrownBet's management team will be entitled to an additional payment of up to $182 million in 2020, subject to certain performance conditions, and payable in cash and/or additional Common Shares at The Stars Group's discretion. The Corporation considered this additional payment to be contingent payment and accounted for it as part of the purchase price related to the acquisition of the 18% of the equity interests in CrownBet. In valuing the contingent payment as at the acquisition date and at period end, the Corporation used a discount rate of 8% based on the term of the contingent payment period and a volatility of 25% - 30% based on historical performance and market indicators.

Critical accounting judgements

Valuation of acquired intangible assets

The intangible assets described in the sources of estimation uncertainty section above are valued using various valuation methodologies, such as market, income and cost methods. In applying these methodologies, certain key judgements and assumptions are made by management. These judgements are highly subjective and the ability to realize the future cash flows used in fair value calculations may be affected by changes in economic conditions, economic performance or business strategies. For further information regarding the valuation of acquired intangible assets, see note 14.

Acquisition of CrownBet – Control assessment

As previously reported, the Corporation acquired a 62% equity interest in CrownBet on February 27, 2018, and a further 18% equity interest on April 24, 2018. As is typical, the shareholders agreement entered into with the minority shareholders of CrownBet in connection with the Australian Acquisitions includes a number of rights and protections for the minority shareholders in certain circumstances that are directly harmful to the minority, including as it relates to significant changes to business scope, material acquisitions or financing. The key judgement is the Corporation concluded that such minority shareholder rights are protective rights and that the Corporation has control in accordance with *IFRS 3, Business Combinations*.

Debt extinguishment

As discussed in note 9, the Corporation amended its long-term debt in connection with the Australian Acquisitions (the April 2018 Amend and Extend) and recorded the amendment as an extinguishment for accounting purposes as the debt was repayable at par. Management applied judgement in making this determination as the Corporation concluded that any associated termination costs were not significant.

3. RECENT ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements - not yet effective

IFRS 16, Leases

In 2016 the IASB issued IFRS 16 to replace IAS 17, *Leases*, effective January 1, 2019. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

The Corporation intends to adopt IFRS 16 from its effective date of January 1, 2019. The Corporation is currently evaluating the impact of this standard and does not anticipate applying it prior to its effective date.

4. REVENUE

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

	Three months ended June 30,		Six months ended June 30,	
In thousands of U.S. Dollars	2018	2017	2018	2017
Revenue from contracts with customers	418,676	302,045	808,272	615,760
Other sources of revenue	(7,164)	3,260	(3,869)	6,865
Total revenue	**411,512**	**305,305**	**804,403**	**622,625**

Revenues from contracts with customers have not been disaggregated as the nature of the revenue streams, contract duration and timing of transfer of services are all largely homogenous. For further information regarding revenues, including segment revenues 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 Finance Officer and Chief Corporate Development Officer, as this group is responsible for allocation of resources to, and assesses the performance of, the operating segments of the Corporation.

As a result of its previously announced Australian Acquisitions and in anticipation of the future integration of Sky Betting & Gaming ("SBG"), a leading mobile-led betting and gaming operator, and potential future geographic expansion, the Corporation has revised the composition of its reporting segments and the manner in which it will report its operating results beginning with these unaudited interim condensed consolidated financial statements. The Corporation believes that the new presentation will better reflect its current and expected management and operational structure. Earlier periods have been presented in a manner consistent with the revised segmentation. 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. Giving effect to the reporting segment changes, for the three and six months ended June 30, 2018 and 2017, the Corporation had two reportable operating segments: International and Australia, and a Corporate cost center. For the purposes of the unaudited interim condensed consolidated financial statements, revenue within its reformatted 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 corporate costs are included in Corporate. 'Corporate' in itself is not a reporting segment, but it comprises costs which are not directly allocable to any of the operating segments. Fixed costs are not segregated among major lines of operations as they share the same office infrastructure, the same workforce and the same administrative resources. Such costs are allocated to 'Corporate'. There are no internal reports which currently provide true costs by major lines of operations and the costs to develop such reports would be excessive.

The International segment currently includes the Stars Interactive Group business operations, and operates across all lines of operations in various jurisdictions around the world, and the Australia segment currently includes the acquired CrownBet and William Hill Australia business operations, which currently operate only within the Betting line of operations and primarily in Australia. Prior quarterly and annual segmental results and information presented have been recast to be presented in a manner consistent with the changed reporting segments.

The primary measure used by the CODM for the purpose of decision making and/or evaluation of a segment is Adjusted EBITDA.

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

In thousands of U.S. Dollars	Three Months Ended June 30, 2018			
	International	Australia	Corporate	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 (*)	164,317	13,471	(9,518)	168,270
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

Segmental information for the three months ended June 30, 2017:

In thousands of U.S. Dollars	Three Months Ended June 30, 2017			
	International	Australia	Corporate	Consolidated
Revenue	305,305	—	—	305,305
Poker	202,897	—	—	202,897
Gaming	80,726	—	—	80,726
Betting	8,836	—	—	8,836
Other	12,846	—	—	12,846
Adjusted EBITDA (*)	145,828	—	711	146,539
Net financing charges	—	—	39,052	39,052
Depreciation and amortization	36,530	—	70	36,600
Capital Expenditures	7,581	—	42	7,623

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

In thousands of U.S. Dollars	Six Months Ended June 30, 2018			
	International	Australia	Corporate	Consolidated
Revenue	732,002	72,401	—	804,403
Poker	462,861	—	—	462,861
Gaming	208,651	—	—	208,651
Betting	36,321	72,401	—	108,722
Other	24,169	—	—	24,169
Adjusted EBITDA (*)	350,796	12,625	(20,129)	343,292
Net financing charges	—	—	198,710	198,710
Depreciation and amortization	73,956	9,868	19	83,843
Capital Expenditures	32,489	4,658	146	37,293

Segmental information for the six months ended June 30, 2017:

In thousands of U.S. Dollars	Six Months Ended June 30, 2017			
	International	Australia	Corporate	Consolidated
Revenue	622,625	—	—	622,625
Poker	421,559	—	—	421,559
Gaming	160,488	—	—	160,488
Betting	15,853	—	—	15,853
Other	24,725	—	—	24,725
Adjusted EBITDA (*)	307,386	—	(9,846)	297,540
Net financing charges	—	—	81,497	81,497
Depreciation and amortization	72,188	—	147	72,335
Capital expenditures	13,557	—	42	13,599

(*) Adjusted EBITDA is used internally by Management when analyzing segment underlying performance. Adjusted EBITDA is a non-IFRS financial measure. For a reconciliation of Adjusted EBITDA to Net Earnings, please see below.

In thousands of U.S. Dollars	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Consolidated				
Adjusted EBITDA	168,270	146,539	343,292	297,540
Add (deduct) the impact of the following:				
Acquisition-related costs and deal contingent forwards	(95,627)	—	(110,818)	—
Stock based compensation	(3,265)	(2,452)	(5,649)	(4,616)
(Gain) loss from investments and associates	265	(4,492)	(247)	(4,645)
Impairment (reversal of impairment) of intangibles assets and assets held for sale	(958)	629	(1,074)	7,311
Other costs	(23,036)	1,893	(26,731)	(6,852)
Total adjusting items	**(122,621)**	**(4,422)**	**(144,519)**	**(8,802)**
Depreciation and amortization	(44,585)	(36,600)	(83,843)	(72,335)
Operating income	**1,064**	**105,517**	**114,930**	**216,403**
Net financing charges	(160,360)	(39,052)	(198,710)	(81,497)
Net earnings from associates	1,068	—	1,068	—
Loss (earnings) before income taxes	**(158,228)**	**66,465**	**(82,712)**	**134,906**
Income tax recovery	3,404	4,018	2,249	1,330
Net (loss) earnings	**(154,824)**	**70,483**	**(80,463)**	**136,236**

	International	**Australia**	**Corporate**	**Total**
Total assets as at June 30, 2018	5,441,579	590,621	675,535	6,707,735
Total assets as at December 31, 2017	5,398,392	—	16,734	5,415,126

The distribution 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, 2018	As at December 31, 2017
Geographic Area		
Canada	61,340	53,394
Isle of Man	4,395,016	4,446,503
Italy	37	35
United Kingdom	7,148	6,511
Australia	523,982	—
Other licensed or approved jurisdictions	17,537	15,744
	5,005,060	**4,522,187**

Within its reporting segments, 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 product offerings. 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, 2018 or 2017, as applicable, 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, 2018 International	Australia	Corporate	Total
Geographic Area				
Isle of Man	97,292	—	—	97,292
Malta	114,574	—	—	114,574
Italy	37,133	—	—	37,133
United Kingdom	19,422	—	—	19,422
Spain	31,301	—	—	31,301
France	13,633	—	—	13,633
Australia	—	61,277	—	61,277
Other licensed or approved jurisdictions	36,880	—	—	36,880
	350,235	**61,277**	—	**411,512**

In thousands of U.S. Dollars	Three Months Ended June 30, 2017 International	Australia	Corporate	Total
Geographic Area				
Isle of Man	91,585	—	—	91,585
Malta	102,026	—	—	102,026
Italy	29,788	—	—	29,788
United Kingdom	16,990	—	—	16,990
Spain	17,570	—	—	17,570
France	12,786	—	—	12,786
Other licensed or approved jurisdictions	34,560	—	—	34,560
	305,305	**—**	—	**305,305**

In thousands of U.S. Dollars	Six Months Ended June 30, 2018 International	Australia	Corporate	Total
Geographic Area				
Isle of Man	197,134	—	—	197,134
Malta	246,954	—	—	246,954
Italy	78,759	—	—	78,759
United Kingdom	39,572	—	—	39,572
Spain	62,929	—	—	62,929
France	30,534	—	—	30,534
Australia	—	72,401	—	72,401
Other licensed or approved jurisdictions	76,120	—	—	76,120
	732,002	**72,401**	—	**804,403**

In thousands of U.S. Dollars	Six Months Ended June 30, 2017 International	Australia	Corporate	Total
Geographic Area				
Isle of Man	189,488	—	—	189,488
Malta	203,438	—	—	203,438
Italy	62,562	—	—	62,562
United Kingdom	32,732	—	—	32,732
Spain	36,484	—	—	36,484
France	26,933	—	—	26,933
Other licensed or approved jurisdictions	70,988	—	—	70,988
	622,625	**—**	—	**622,625**

The Corporation's effective corporate income tax rate for the three and six months ended June 30, 2018 was 2.15% and 2.72%, respectively, as the Corporation primarily operates from the Isle of Man and Malta, which are low tax jurisdictions. In addition to corporate income tax, the Corporation also pays significant amounts of gaming duties, value-added tax, employment-related taxes, withholding taxes and business rate taxes. As a result, the Corporation pays significant tax globally and will continue to see increased corporate and other taxes as a result of the Australian Acquisitions and the acquisition of SBG (the “SBG Acquisition”).

6. EXPENSES CLASSIFIED BY NATURE

In thousands of U.S. Dollars	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cost of revenues				
Direct selling costs	13,592	8,496	25,511	17,512
Gaming duty, levies and fees	49,503	27,307	97,483	63,459
Processor and other operating costs	20,542	16,865	40,907	34,158
	83,637	**52,668**	**163,901**	**115,129**
General and administrative				
Salaries and wages	60,387	41,737	109,168	81,596
Legal and professional fees	25,327	16,624	41,832	35,802
Impairment (reversal of impairment) of intangible assets and assets held for sale	959	(628)	1,074	(7,312)
Loss (gain) on disposal of investments and other assets	321	(4,290)	(196)	(4,384)
Acquisition-related costs	35,790	—	43,529	—
Foreign exchange loss (gain)	62,965	2,132	68,970	(281)
IT and software costs	12,397	5,158	19,807	8,905
Other operational costs	20,055	13,062	36,066	26,589
Depreciation and amortization	44,585	36,600	83,843	72,335
	262,786	**110,395**	**404,093**	**213,250**
Net financing charges				
Interest on long-term debt	24,195	26,906	50,496	56,557
Accretion expense	12,271	9,518	24,777	18,589
Loss on debt extinguishment	124,976	—	124,976	—
Interest income	(1,082)	(238)	(1,539)	(507)
Interest on deferred purchase price	—	2,866	—	6,858
	160,360	**39,052**	**198,710**	**81,497**

7. 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,	
	2018	2017	2018	2017
Numerator				
Numerator for basic and diluted earnings per Common Share - net (loss) earnings attributable to shareholders of The Stars Group Inc	$ (153,645,000)	$ 70,494,000	$ (78,194,000)	$ 135,905,000
Denominator				
Denominator for basic earnings per Common Share – weighted average number of Common Shares	152,788,098	146,703,034	150,523,119	146,135,517
Effect of dilutive securities				
Stock options	2,032,234	908,946	1,625,516	632,043
Performance share units	302,142	27,434	284,631	—
Deferred stock units	128,810	—	123,092	—
Restricted share units	113,809	11,676	109,654	—
Warrants	2,000,094	786,969	1,891,087	455,749
Convertible Preferred Shares	58,014,988	55,029,244	57,891,979	54,745,877
Effect of dilutive securities	**62,592,077**	**56,764,269**	**61,925,959**	**55,833,669**
Dilutive potential for diluted earnings per Common Share *	**152,788,098**	**203,467,303**	**150,523,119**	**201,969,186**
Basic (loss) earnings per Common Share	$ (1.01)	$ 0.48	$ (0.52)	$ 0.93
Diluted (loss) earnings per Common Share	$ (1.01)	$ 0.35	$ (0.52)	$ 0.67

* The Corporation has excluded the impact of dilutive securities for the three and six months ended June 30, 2018 due to the net losses in these periods.

On June 26, 2018, the Corporation announced the closing of its underwritten public offering of 25,000,000 Common Shares (the “Equity Offering”) of which 17,000,000 were newly issued Common Shares sold by the Corporation and 8,013,887 were sold by certain shareholders of the Corporation upon the voluntary conversion of 152,698 Preferred Shares (as defined below) held by such shareholders. See notes 12 and 18.

8. GOODWILL AND INTANGIBLE ASSETS

The provisional fair values of goodwill and intangible assets acquired through business combinations during the six months ended June 30, 2018 are as follows:

In thousands of U.S. Dollars	Six months ended June 30, 2018
Acquisition of William Hill Australia (note 14)	
Deferred development costs	1,430
Customer relationships	248,063
Partnership agreements	22,447
Goodwill	114,382
Total goodwill and intangible assets acquired	**386,322**

In thousands of U.S. Dollars	Six months ended June 30, 2018
Acquisition of a 62% interest in CrownBet (note 14)	
Deferred development costs	34,570
Customer relationships	56,814
Partnership agreements	10,908
Goodwill	56,519
Total goodwill and intangible assets acquired	**158,811**

On April 24, 2018, the Corporation acquired a further 18% equity interest in CrownBet. See note 14. The acquisition of the additional equity interest in CrownBet had no impact on the fair values of the goodwill and intangible assets acquired during the three months ended March 31, 2018.

9. LONG-TERM DEBT

The following is a summary of long-term debt outstanding at June 30, 2018 and December 31, 2017 (all capitalized terms used in the table below relating to such long-term debt are defined below in this note):

In thousands of U.S. Dollars	Interest rate	June 30, 2018, Principal outstanding balance in local denominated currency	June 30, 2018 Carrying amount	December 31, 2017, Principal outstanding balance in local denominated currency	December 31, 2017 Carrying amount
Existing USD First Lien Term Loan	5.32%	2,164,575	2,147,096	1,895,654	1,848,397
Existing EUR First Lien Term Loan	3.25%	500,000	579,783	382,222	453,540
USD Second Lien Term Loan	—	—	—	95,000	56,632
Total long-term debt			**2,726,879**		**2,358,569**
Current portion			21,700		4,990
Non-current portion			2,705,179		2,353,579

During the three months ended June 30, 2018, the Corporation incurred the following interest on its then-outstanding long-term debt:

In thousands of U.S Dollars	Effective interest rate *	Interest	Interest Accretion **	Total Interest
Existing USD First Lien Term Loan	5.78%	18,581	89,994	108,575
Existing EUR First Lien Term Loan	3.72%	4,694	34,802	39,496
USD Second Lien Term Loan	11.64%	148	3,982	4,130
Total		**23,423**	**128,778**	**152,201**

During the three months ended June 30, 2017, the Corporation incurred the following interest on its then-outstanding long-term debt:

In thousands of U.S. Dollars	Effective interest rate	Interest	Interest Accretion	Total Interest
Existing USD First Lien Term Loan	5.57%	18,001	2,953	20,954
Existing EUR First Lien Term Loan	4.09%	4,178	322	4,500
USD Second Lien Term Loan	13.61%	4,325	1,309	5,634
Total		**26,504**	**4,584**	**31,088**

During the six months ended June 30, 2018, the Corporation incurred the following interest on its then-outstanding long-term debt:

In thousands of U.S. Dollars	Effective interest rate *	Interest	Interest Accretion **	Total Interest
Existing USD First Lien Term Loan	6.10%	38,001	94,656	132,657
Existing EUR First Lien Term Loan	3.90%	9,111	36,791	45,902
USD Second Lien Term Loan	13.78%	2,216	4,643	6,859
Total		**49,328**	**136,090**	**185,418**

During the six months ended June 30, 2017, the Corporation incurred the following interest on its then-outstanding long-term debt:

In thousands of U.S. Dollars	Effective interest rate	Interest $000's	Interest Accretion $000's	Total Interest $000's
Existing USD First Lien Term Loan	5.57%	39,125	5,837	44,962
Existing EUR First Lien Term Loan	4.09%	8,110	593	8,703
USD Second Lien Term Loan	13.61%	8,524	2,642	11,166
Total		**55,759**	**9,072**	**64,831**

* The effective interest rate calculation excludes the impact of debt extinguishment incurred in respect of the April 6, 2018 increase, repricing and extension of the Corporation's Existing First Lien Term Loans (as defined below) and existing revolving credit facility ("Existing Revolving Credit Facility").

** Includes a loss on debt extinguishment of $125.0 million.

The Corporation's change in debt balance from January 1, 2018 to June 30, 2018 was as follows:

In thousands of U.S. Dollars	Opening Balance	Adjustment on adoption of IFRS 9	Net Principal Movements	Transaction costs	Interest Accretion	Translation	Total	Current	Long-term
Existing USD First Lien Term Loan	1,848,397	(46,894)	268,921	(17,984)	94,656	—	2,147,096	21,700	2,125,396
Existing EUR First Lien Term Loan	453,540	(30,725)	144,627	(5,077)	36,791	(19,373)	579,783	—	579,783
USD Second Lien Term Loan	56,632	33,725	(95,000)	—	4,643	—	—	—	—
Total	**2,358,569**	**(43,894)**	**318,548**	**(23,061)**	**136,090**	**(19,373)**	**2,726,879**	**21,700**	**2,705,179**

The Corporation's change in debt balance from January 1, 2017 to December 31, 2017 was as follows:

In thousands of U.S. Dollars	Opening Balance	Net Principal Movements	Transaction costs	Interest Accretion	Translation	Total	Current	Long-term
Existing USD First Lien Term Loan	1,965,928	(125,442)	(3,906)	11,817	—	1,848,397	7,042	1,841,355
Existing EUR First Lien Term Loan	296,198	100,529	(829)	1,271	56,371	453,540	3,299	450,241
USD Second Lien Term Loan	166,453	(115,000)	—	5,179	—	56,632	(5,351)	61,983
Total	**2,428,579**	**(139,913)**	**(4,735)**	**18,267**	**56,371**	**2,358,569**	**4,990**	**2,353,579**

As at June 30, 2018, the principal repayments of the Corporation's outstanding long-term debt over the next five years, as adjusted for revised estimates of excess cash flow allocations to the principal repayment of the Existing First Lien Term Loans, amount to the following:

In thousands of U.S. Dollars	1 Year	2 Years	3 Years	4 Years	5 Years thereafter
Existing USD First Lien Term Loan	21,700	21,700	21,700	21,700	2,077,775
Existing EUR First Lien Term Loan	—	—	—	—	584,487
Total	**21,700**	**21,700**	**21,700**	**21,700**	**2,662,262**

(a) Existing First and Second Lien Term Loans and Existing Revolving Facility

On August 1, 2014, the Corporation completed the acquisition of Stars Interactive Group (the "Stars Interactive Group Acquisition"), which was partly financed through the issuance of long-term debt, allocated into first and second lien term loans. On April 6, 2018, the Corporation successfully increased, repriced and extended its Existing First Lien Term Loans and Existing Revolving Facility, and amended and restated the applicable credit agreement (collectively, the "April 2018 Amend and Extend"). As at June 30, 2018, the First Lien term loans consisted of a $2.17 billion First Lien term loan priced at LIBOR plus 3.00% (the "Existing USD First Lien Term Loan") and a €500 million First Lien term loan priced at EURIBOR plus 3.25% (the "Existing EUR First Lien Term Loan" and, together with the Existing USD First Lien Term Loan, the "Existing First Lien Term Loans"), each repayable on April 6, 2025. Starting on the last day of the first fiscal quarter ending after April 6, 2018, the Existing USD First Lien Term Loan required scheduled quarterly payments in amounts equal to 0.25% of the aggregate principal amount of the Existing USD First Lien Term Loan, with the balance due at maturity. There was no amortization on the Existing EUR First Lien Term Loan. The Corporation used $95 million of the Existing First Lien Term Loans from the April 2018 Amend and Extend to fully repay the second lien term loan (the "USD Second Lien Term Loan"), and used $250 million on April 24, 2018 to complete the previously announced acquisition of an additional 18% equity interest in CrownBet and CrownBet's acquisition of William Hill Australia. As part of the April 2018 Amend and Extend, the Corporation increased the Existing Revolving Facility to $225 million and priced at LIBOR plus 2.75% with a new maturity date of April 6, 2023. The margin for the Existing Revolving Facility is subject to leverage-based step-downs. The Stars Group and the lenders also amended the credit agreement for the Existing First Lien Term Loans to, among other things, reflect the foregoing transactions and add certain operational and financial flexibility.

Subsequent to June 30, 2018, the Corporation repaid the Existing First Lien Term Loans, repaid the existing long-term indebtedness of SBG, entered into a new credit agreement with respect to new First Lien Term Loans and Credit Facility (as defined below), and issued the Senior Notes (as defined below). For further details, see note 18.

Existing First Lien Term Loans

The agreement for the Existing First Lien Term Loans include certain limitations customary for transactions of this type that limits Stars Group Holdings B.V. and its subsidiaries' ability to, among other things, (i) incur additional debt, (ii) grant additional liens on its assets and equity, (iii) distribute equity interests and/or distribute any assets to third parties, (iv) make certain loans or investments (including acquisitions), (v) consolidate, merge, sell or otherwise dispose of all or substantially all assets, (vi) pay dividends on or make distributions in respect of capital stock or make restricted payments, (vii) enter into certain transactions with affiliates, (viii) change lines of business, and (ix) modify the terms of certain debt or organizational documents, in each case subject to certain exceptions.

The agreement for the Existing First Lien Term Loans also provides for customary mandatory prepayments, including a customary excess cash flow sweep.

S***econd Lien Term Loan***

In connection with the April 2018 Amend and Extend, the Corporation fully repaid the USD Second Lien Term Loan on April 6, 2018. As of such date, the Corporation had no further obligations under or with respect to the same.

10. DERIVATIVES

The Corporation is exposed to interest rate and currency risk. The Corporation uses derivative financial instruments for risk management purposes and anticipates that such instruments will mitigate interest rate and currency risk, as applicable. 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.

Cash flow hedge accounting

On March 2, 2015, a subsidiary of the Corporation entered into cross-currency interest rate swap agreements (the "March 2015 Swap Agreements"). A USD notional amount of $1.74 billion was designated in cash flow hedge relationships to hedge the interest rate and foreign exchange of the Existing USD First Lien Term Loan bearing a minimum floating interest rate of 4.5% (USD three-month LIBOR plus a 3.5% margin, with a LIBOR floor of 1.0%). The March 2015 Swap Agreements, which mature in August 2019, fix the Euro to USD exchange rate at 1.1102 and fix the Euro interest payments at an average rate of 4.6016%.

In connection with an August 2015 refinancing of the Corporation's then-outstanding debt, a subsidiary of the Corporation entered into two additional cross-currency interest rate swap agreements to hedge the interest rate and foreign exchange, effective August 12, 2015, for a USD notional amount of $325 million (the "August 2015 Swap Agreements" and together with the March 2015 Swap Agreements, the "Existing Swap Agreements"). A portion of the August 2015 Swap Agreements (USD notional amount of $302 million) was designated in cash flow hedge relationships to hedge the interest rate and foreign exchange of the Existing USD First Lien Term Loan bearing a minimum floating interest rate of 4.5% (USD three-month LIBOR plus a 3.5% margin, with a LIBOR floor of 1.0%). The August 2015 Swap Agreements, which mature in August 2019, fix the Euro to USD exchange rate at 1.094 and fix the Euro interest payments at an average rate of 4.657%. During the three months ended March 31, 2017, the Corporation unwound and settled a notional principal amount of $616.54 million of the Existing Swap Agreements for a gain of $13.9 million.

As part of the repricing and retranching of the Existing First Lien Term Loans on March 3, 2017, the Corporation reduced the applicable interest rate margin on the Existing First Lien Term Loans by 50 basis points to LIBOR plus 350 basis points with a LIBOR floor of 100 basis points. As a result, the Corporation de-designated and re-designated the applicable hedging instruments in new hedge accounting relationships. During the three and six months ended June 30, 2018 an amount of $5.04 million and $10.23 million respectively, was recognized in interest expenses (June 30, 2017 - $7.33 million) relating to the amortization of the other comprehensive income balance brought forward from the previous hedge accounting relationship.

During the three and six months ended June 30, 2018, there was ineffectiveness with respect to the cash flow hedge of $0.39 million (for each of the three and six months ended June 30, 2017 - $nil).

During the three and six months ended June 30, 2018, $10.21 million and $15.47 million respectively, (three and six months ended June 30, 2017 - $4.44 million and $7.44 million, respectively) was reclassified from "Reserves" to the unaudited interim condensed consolidated statement of earnings as Financing Charges.

The fair value of the Existing Swap Agreements in hedging relationships included in the derivative liabilities of the Corporation as at June 30, 2018 was $61.9 million (December 31, 2017 – $111.76 million).

Net investment hedge accounting

During the six months ended June 30, 2018 and during a portion of the year ended December 31, 2017, the Corporation designated a portion of the Existing USD First Lien Term Loan, its entire principal amount of the USD Second Lien Term Loan and its then-outstanding deferred contingent payment (i.e., the deferred purchase price for the Stars Interactive Group Acquisition) as a foreign exchange hedge of its net investment in its foreign operations. Accordingly, the portion of the gains arising from the translation of the USD-denominated liabilities that was determined to be an effective hedge during the period was recognized in the unaudited interim condensed consolidated statements of comprehensive income (loss), counterbalancing a portion of the losses arising from translation of the Corporation's net investment in its foreign operations. During the three and six months ended June 30, 2018, there was no ineffectiveness with respect to the net investment hedge.

For the three and six months ended June 30, 2018, the Corporation recorded an unrealized exchange gain on translation of $44.91 million and $24.97 million, respectively (for the three and six months ended June 30, 2017 – a loss of $67.32 million and $92.34 million, respectively), in the "Cumulative translation adjustment" in reserves related to the translation of a portion of the Existing USD First Lien Term Loan, USD Second Lien Term Loan and the deferred contingent payment.

Deal contingent derivative

Refer to note 15 for details on the valuation of deal contingent derivatives.

Put and call options

Put and call options related to the acquisition of a 62% equity interest in CrownBet.

The put option related to the 62% equity interest in CrownBet was entered into by the Corporation to provide an option to divest the equity interest in CrownBet in the event that CrownBet acquisition of William Hill Australia did not materialize. The put option determined to be a derivative asset and classified and measured at fair value through profit or loss. The put option derivative asset was recorded as at March 31, 2018 at its fair value of $0.6 million. The fair value of the put option was determined using the Black-Scholes valuation model based on the following assumptions, adjusted for the estimated probability of completing the acquisition of William Hill Australia: expected volatility of 19.7%; expected life of one year; risk-free interest rate of 1.87%. The put option was categorized as a Level 3 within the fair value hierarchy. An unrealized gain of $0.6 million and nil related to the fair value change of this derivative has been recognized in the unaudited interim condensed consolidated statement of earnings for the three and six months ended June 30, 2018, respectively, and is included as part of the foreign exchange within the general and administrative category in note 6. The Corporation did not account for the put option as a qualifying hedge. The put option expired on April 24, 2018, upon the acquisition of an additional 18% equity interest in CrownBet and CrownBet's acquisition of William Hill Australia.

Put and call options on 20% non-controlling interest in CrownBet

Also on April 24, 2018, in connection with the acquisition of the additional 18% interest in CrownBet, the Corporation entered into a non-controlling interest put-call option in relation to the 20% interest held by the minority interest shareholders in CrownBet, 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 the acquisition date, the Corporation determined that the fair value of this non-controlling interest derivative was nil.

The following table summarizes the fair value of derivatives as at June 30, 2018 and December 31, 2017 and the change in fair value for the six months ended June 30, 2018 and the year ended December 31, 2017:

Derivative Assets In thousands of U.S Dollars	**Forward Contracts**	**Cross-currency interest rate swap contracts**	**Currency options**	**Put Option**	**Total**
Opening balance, as at January 1, 2017	**—**	**52,038**	**—**	**—**	**52,038**
Acquisition	**—**	—	906	**—**	**906**
Realized loss	**—**	—	(375)	**—**	**(375)**
Settlement	**—**	(13,904)	726	**—**	**(13,178)**
Unrealized gain (loss) in fair value	2,037	(38,134)	(1,257)	—	**(37,354)**
Total derivative asset as at December 31, 2017	**2,037**	**—**	—	**—**	**2,037**
Put option arising on acquisition	—	—	—	604	**604**
Put option expiration	—	—	—	(604)	**(604)**
Unrealized loss in fair value	(2,037)	—	—	—	**(2,037)**
Total derivative asset as at June 30, 2018	**—**	**—**	**—**	**—**	**—**
Current portion	—	—	—	—	**—**
Non-current portion	—	—	—	—	—

Derivative Liabilities In thousands of U.S. Dollars	Forward Contracts	Cross-currency interest rate swap contracts	Deal contingent forward *	Put Liability	Total
Opening balance, as at January 1, 2017	**4,922**	**—**	**—**	**5,594**	**10,516**
Unrealized (gain) loss in fair value	(1,826)	110,855	—	—	**109,029**
Realized gain on settlement	(2,829)	—	—	—	**(2,829)**
Settlement	(177)	—	—	(5,594)	**(5,771)**
Accretion	—	—	—	—	**—**
Translation	(90)	907	—	—	**817**
Total derivative liability as at December 31, 2017	—	**111,762**	—	—	**111,762**
Realized loss (gain)	5,601	—	(7,412)	—	**(1,811)**
Unrealized (gain) loss in fair value	(5,143)	(46,236)	67,301	—	**15,922**
Translation	—	(3,658)	—	—	**(3,658)**
Total derivative liability as at June 30, 2018	**458**	**61,868**	**59,889**	**—**	**122,215**
Current portion	458	—	59,889	—	**60,347**
Non-current portion	—	61,868	—	—	**61,868**

* The unrealized loss on the deal contingent forward is made up of $59.9 million relating to the SBG Acquisition and $7.4 million relating to the William Hill Australia acquisition by CrownBet. The deal contingent forward in relation to the William Hill Australia acquisition was settled during the three months ended June 30, 2018.

11. PROVISIONS

The provisions in the unaudited interim condensed consolidated statements of financial position include, among other items, the provision for jackpots, the provision for deferred contingent payment (primarily relating to the deferred payment for the Stars Interactive Group Acquisition) and the minimum revenue guarantees or EBITDA support agreement, as applicable, in connection with the sale of WagerLogic Malta Holdings Ltd., the sale of Amaya (Alberta) Inc. (formerly Chartwell Technology Inc.) and CryptoLogic Ltd., to NYX Gaming Group Limited ("NYX Gaming Group") and NYX Digital Gaming (Canada) ULC, a subsidiary of NYX Gaming Group ("NYX Sub" and such sale, the "Chartwell/Cryptologic Sale"), and the initial public offering (the "Innova Offering") of Innova Gaming Group Inc. ("Innova").

The carrying amounts and the movements in the provisions during the periods ended June 30, 2018 and December 31, 2017 are as follows:

In thousands of U.S. Dollars	Player bonuses and jackpots	Deferred contingent payment (*)	Minimum revenue guarantee	Other	Total
Balance at December 31, 2017	**4,265**	**6,300**	**10,118**	—	**20,683**
Provisions acquired on business combinations	—		—	1,573	1,573
Adjustment to provision recognized	24,888	—	68	5,632	30,588
Payments	(22,427)	—	(4,457)	(142)	(27,026)
Accretion of discount	—	—	247	16	263
Foreign exchange translation losses	(282)	—	(427)	—	(709)
Balance at June 30, 2018	**6,444**	**6,300**	**5,549**	**7,079**	**25,372**
Current portion at December 31, 2017	4,265	6,300	7,025	—	17,590
Non-current portion at December 31, 2017	—	—	3,093	—	3,093
Current portion at June 30, 2018	6,444	6,300	3,263	6,220	22,227
Non-current portion at June 30, 2018	—	—	2,286	859	3,145

(*) The provision of $6.3 million as at June 30, 2018 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, 2018, 180,099,932 Common Shares were issued, outstanding and fully paid (December 31, 2017 - 147,947,874).

As at June 30, 2018, the Preferred Shares were convertible into 51,804,080 Common Shares (as at December 31, 2017 – 58,084,801). On June 5, 2018, the Corporation announced that it elected to effect the conversion of all Preferred Shares pursuant to their terms (the "Preferred Share Conversion") as a result of meeting the applicable price and liquidity conditions with respect to the same. As a result, on July 18, 2018, all of the Corporation's outstanding Preferred Shares were converted into Common Shares at a rate of approximately 52.6632 Common Shares per Preferred Share, resulting in the cancellation of all the Preferred Shares. See note 18.

During the six months ended June 30, 2018:

- The Corporation issued 1,599,883 Common Shares for cash consideration of $27.63 million as a result of the exercise of stock options and other equity-based awards. The exercised stock options and other equity-based awards were initially valued at $6.26 million. Upon the exercise of these equity-based awards, the values originally allocated to the equity-based awards in reserves were reallocated to the Common Shares so issued.
- The Corporation issued 60,099 Common Shares in connection with the exercise of other equity-based awards, initially valued at $1.24 million. Upon exercise of such equity-based awards, the value originally allocated to the equity-based awards in reserves was reallocated to the Common Shares issued.
- The Corporation issued 2,422,944 Common Shares as a result of the exercise of 4,000,000 warrants. There are no further outstanding warrants as at June 30, 2018. The exercised warrants were initially valued at $14.69 million using the Black-Scholes valuation model. Upon the exercise of such warrants, the value originally allocated to reserves was reallocated to the Common Shares so issued.
- The Corporation issued 8,013,887 Common Shares as a result of the conversion of 152,698 Preferred Shares. The converted Preferred Shares were initially valued at $114.7 million using the Black-Scholes valuation model. Upon the conversion of the Preferred Shares, the value originally allocated to the Preferred Shares was reallocated to the Common Shares so issued.
- On June 26, 2018, the Corporation issued 17,000,000 Common Shares as part of the Equity Offering for net proceeds of $621.78 million (gross proceeds of $646.0 million net of underwriter fees of $24.23 million). In addition to the underwriter fees of $24.23 million, a further $3.4 million of transaction costs incurred in connection with the Equity Offering were recognized as an offset to Common Share Capital. For further details on subsequent events related to the Equity Offering, see note 18.
- The Corporation issued 3,115,344 Common Shares, valued at $96.43 million, to the sellers of CrownBet as partial consideration for the acquisition of an additional 18% of the equity interests in CrownBet.

13. RESERVES

The following table highlights the classes of reserves included in the Corporation's equity:

In thousands of U.S. Dollars	Acquisition reserve	Warrants	Equity	Treasury	Cumulative translation	Available for sale investments	Financial assets at FVOCI	Derivatives	Other	Total
Balance – January 1, 2017	—	**14,638**	**31,142**	**(30,035)**	**77,171**	**(9,983)**	—	**(48,335)**	**1,249**	**35,847**
Cumulative translation adjustments	—	—	—	—	(189,012)	—	—	—	—	(189,012)
Stock-based compensation	—	—	10,622	—	—	—	—	—	—	10,622
Exercise of warrants	—	—	—	—	—	—	—	—	—	—
Exercise of equity awards	—	—	(5,258)	—	—	—	—	—	—	(5,258)
Realized (losses) gains	—	—	—	—	—	(37,090)	—	160,069	—	122,979
Unrealized gains (losses)	—	—	—	—	—	32,474	—	(151,311)	—	(118,837)
Reclassification	—	50	—	—	(8,868)	9,197	—	—	(379)	—
Deferred tax on stock-based compensation	—	—	359	—	—	—	—	—	—	359
Other	—	—	—	493	—	—	—	5,594	(5,127)	960
Balance – December 31, 2017	—	**14,688**	**36,865**	**(29,542)**	**(120,709)**	**(5,402)**	—	**(33,983)**	**(4,257)**	**(142,340)**
Impact of adoption of IFRS 9	—	—	—	—	—	**45**	**168**	—	—	213
Reclassification	—	—	—	—	**15**	**5,357**	—	—	**(5,372)**	—
Balance - January 1, 2018 (restated) (note 16)	—	**14,688**	**36,865**	**(29,542)**	**(120,694)**	—	**168**	**(33,983)**	**(9,629)**	**(142,127)**
Cumulative translation adjustments	—	—	—	—	31,518	—	—	—	—	31,518
Stock-based compensation	—	—	5,648	—	—	—	—	—	—	5,648
Exercise of equity awards	—	—	(5,057)	—	—	—	—	—	—	(5,057)
Re-allocation from Cont. Surplus to Capital for issued RSU	—	—	(1,207)	—	—	—	—	—	—	(1,207)
Re-allocation from Cont. Surplus to Capital for exercised warrants	—	(14,688)	—	—	—	—	—	—	—	(14,688)
Realized gains (losses)	—	—	—	—	—	—	71	(9,491)	—	(9,420)
Unrealized (losses) gains	—	—	—	—	—	—	(871)	19,124	—	18,253
Deferred Tax on Fair Value movements	—	—	—	—	—	—	517	—	—	517
Reversal of deferred tax on stock based compensation	—	—	(359)	—	—	—	—	—	—	(359)
Impairment of debt instruments at FVOCI	—	—	—	—	—	—	(29)	—	—	(29)
Further acquisition of subsidiary	(220,022)	—	—	—	—	—	—	—	(7)	(220,029)
Balance – June 30, 2018	**(220,022)**	—	**35,890**	**(29,542)**	**(89,176)**	—	**(144)**	**(24,350)**	**(9,636)**	**(336,980)**

During the year ended December 31, 2017, the principal reclassification made by the Corporation was $9.19 million from the Cumulative translation adjustments reserve to the "Available-for-sale investments" reserve to correct an error in the recording of the change in valuation of the Available-for-sale investments as at December 31, 2015.

Acquisition reserve

On February 27, 2018, a subsidiary of the Corporation completed its acquisition of a 62% interest in CrownBet. On April 24, 2018, a subsidiary of the Corporation acquired an additional 18% interest in CrownBet and on the same date, CrownBet completed its acquisition of 100% of William Hill Australia. The carrying amounts of the controlling and non-controlling interest were adjusted to reflect the changes in the Corporation's equity interest in CrownBet. The change in carrying amounts were recognized directly in equity in acquisition reserve and any difference between the amount by which the non-controlling interest was adjusted and the fair value of the consideration paid was attributed to the Corporation.

14. ACQUISITION OF SUBSIDIARIES

CrownBet

As previously announced on February 27, 2018, a subsidiary of the Corporation acquired a 62% controlling equity interest in CrownBet, which it increased to an 80% controlling equity interest on April 24, 2018. Pursuant to a shareholders agreement (the "Shareholders Agreement"), the Corporation is entitled to, among other things, appoint a majority of the directors on the board of directors of CrownBet. The Corporation therefore obtained control through acquiring the majority equity interest in combination with such rights. The non-controlling interest in CrownBet is measured at the proportionate share of net assets of the subsidiary.

In connection with the 62% equity interest in CrownBet, the Corporation entered into a put option deed with an exercise price equal to the purchase price of the 62% equity interest in CrownBet $117.7 million (AUD$150.0 million) plus interest. The put option was set to expire on the earlier of February 28, 2019 or the completion of the purchase of William Hill Australia by CrownBet (the latter occurred on April 24, 2018 as described above). On expiration, the $0.6 million mark to market of this put option previously recognized was derecognized during the quarter in general and administrative in the statement of comprehensive income. See note 10 for further details.

On April 24, 2018, the Corporation acquired a further 18% equity interest in CrownBet for a total consideration of $229.2 million (AUD$300.6 million), comprising cash of $48.2 million (AUD$63.2 million), newly issued Common Shares valued at $96.4 million (AUD$126.4 million), see note 12, and deferred contingent payment valued at $84.6 million (AUD$111.0 million). To finance the cash portion of the purchase price for the transaction, the Corporation obtained incremental financing as part of the April 2018 Amend and Extend. In addition, a shareholder loan was issued to certain non-controlling shareholders of CrownBet. See note 17. The acquisition of the additional equity interest in CrownBet had no impact on the fair values of the goodwill and intangible assets acquired on February 27, 2018; however, the excess of the total consideration compared to the carrying value of the 18% non-controlling interest was recognized directly in equity as acquisition reserve. See note 13.

Also on April 24, 2018, in connection with the acquisition of the additional 18% interest in CrownBet, the Corporation entered into a non-controlling interest put-call option in relation to the 20% interest held by the minority interest shareholders in CrownBet, 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 the acquisition date, the Corporation determined that the fair value of this non-controlling interest derivative was nil.

The provisional amounts recognized in respect of the identifiable assets acquired and liabilities assumed on acquisition of CrownBet are set out in the table below:

In thousands of U.S. Dollars	As at February 27, 2018
Financial assets	28,960
Property, plant and equipment	6,192
Identifiable intangible assets (note 8)	102,292
Financial liabilities	(59,223)
Deferred tax asset	11,485
Deferred tax liability	(25,849)
Total identifiable assets	63,857
Non-controlling interest	(2,669)
Goodwill (note 8)	56,519
Total consideration	**117,707**
Satisfied by:	
Cash	117,707
Less: Cash and cash equivalent balances acquired	(17,003)
Net cash outflow arising on acquisition	**100,704**

The fair value of the financial assets includes receivables with a fair value of $4.7 million and a gross contractual value of $7.8 million. The Corporation's best estimate at the acquisition date of the contractual cash flows not to be collected is $3.1 million.

Included in the amounts recognized is a deferred tax liability of $25.85 million, comprising of $23.35 million deferred tax liability related to acquired intangible assets and $2.50 million deferred tax liability related to other temporary differences. Included in the amounts recognized is a deferred tax asset of $11.49 million wholly related to other temporary differences.

The main factors leading to the recognition of goodwill as a result of the acquisition are the value inherent in the acquired business that cannot be recognized as a separate asset under IFRS, including future incremental earnings potential resulting from further diversification of the Corporation's business geographically and the expansion of its online betting product offerings. The goodwill is not deductible for tax purposes.

Acquisition-related costs directly related to the CrownBet acquisition were $3.5 million and were expensed in the unaudited interim condensed consolidated statements of earnings in the general and administrative category.

CrownBet contributed $47.8 million of revenue and a loss of $0.5 million to the Corporation's net loss for the period between the date of acquisition and June 30, 2018.

CrownBet revenue has been reported as part of the Australia Betting revenues in the segmental reporting note.

If the 62% acquisition of CrownBet had been completed on the first day of the financial year, the Corporation's revenues (excluding William Hill Australia) for the three and six months ended June 30, 2018 would have been $386.4 million and $805.3 million, respectively, and net loss (excluding William Hill Australia) for the three and six months ended June 30, 2018 would have been $159.4 million and $81.2 million, respectively.

The Corporation has not completed its assessment or valuation of certain assets acquired and liabilities assumed in connection with the acquisition. Therefore, the information disclosed above for identifiable intangible assets, financial assets, financial liabilities and deferred tax liability 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.

William Hill Australia

On April 24, 2018, CrownBet acquired 100% of William Hill Australia.

The provisional amounts recognized in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

In thousands of U.S. Dollars	As at April 24, 2018
Financial assets	41,142
Property, plant and equipment	2,048
Identifiable intangible assets (note 8)	271,940
Financial liabilities	(80,719)
Deferred tax assets	6,779
Deferred tax liability	(82,665)
Total identifiable assets	158,525
Non-controlling interest	(31,705)
Goodwill (note 8)	114,382
Total consideration	**241,202**
Satisfied by:	
Cash	241,202
Less: Cash and cash equivalent balances acquired	(32,352)
Net cash outflow arising on acquisition	**208,850**

The fair value of the financial assets includes receivables with a fair value of $16.7 million and a gross contractual value of $33.1 million. The Corporation's best estimate at the acquisition date of the contractual cash flows not to be collected is $16.4 million.

Included in the amounts recognized is a deferred tax liability of $82.67 million, comprising of $80.39 million deferred tax liability related to acquired intangible assets and $2.28 million deferred tax liability related to other temporary differences. Included in the amounts recognized is a deferred tax asset of $6.78 million wholly related to other temporary differences.

The main factors leading to the recognition of goodwill as a result of the acquisition are the value inherent in the acquired business that cannot be recognized as a separate asset under IFRS, including future incremental earnings potential resulting from further diversification of the Corporation's business geographically and the expansion of its online betting product offerings. The goodwill is not deductible for tax purposes.

Acquisition-related costs directly related to the William Hill Australia acquisition were $6.7 million and were expensed in the unaudited interim condensed consolidated statements of earnings in the general and administrative category.

William Hill Australia contributed $24.6 million of revenue and a loss of $0.2 million to the Corporation's net loss for the period between the date of acquisition and June 30, 2018.

William Hill Australia revenue has been reported as part of the Australia Betting revenues in the segmental reporting note.

If the acquisition of William Hill Australia had been completed on the first day of the financial year, the Corporation's revenues (excluding CrownBet) for the three and six months ended June 30, 2018 would have been $383.6 million and $792.7 million, respectively, and net loss (excluding CrownBet) for the three and six months ended June 30, 2018 would have been $164.1 million and $88.1 million, respectively.

The Corporation has not completed its assessment or valuation of certain assets acquired and liabilities assumed in connection with the acquisition. Therefore, the information disclosed above for identifiable intangible assets, financial assets, financial liabilities and deferred tax liability 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.

Other

During the six months ended June 30, 2018, a subsidiary of the Corporation also acquired 100% of the equity interests in two subsidiaries, Publipoker S.R.L. and Keiem Ltd, for a total consideration, net of cash acquired, of $1.0 million.

15. 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 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, 2018 and December 31, 2017:

	As at June 30, 2018			
In thousands of U.S. Dollars	Fair value & carrying value	Level 1	Level 2	Level 3
Bonds - FVOCI	106,074	106,074	—	—
Equity in unquoted companies - FVTPL	8,988	—	—	8,988
Total financial assets	**115,062**	**106,074**	—	**8,988**
Derivatives	122,215	—	122,215	—
Other long-term liabilities (Deferred contingent payment)	88,358	—	—	88,358
Total financial liabilities	**210,573**	—	**122,215**	**88,358**

	As at December 31, 2017			
In thousands of U.S. Dollars	Fair value & carrying value	Level 1	Level 2	Level 3
Bonds - Available-for-sale	115,343	115,343	—	—
Funds - Available-for-sale	7,045	7,045	—	—
Equity in unquoted companies - Available-for-sale	6,981	—	—	6,981
Equity in quoted companies - Available-for-sale	281	281	—	—
Total available-for-sale	**129,650**	**122,669**	—	**6,981**
Derivatives	2,037	—	2,037	—
Total financial assets	**131,687**	**122,669**	**2,037**	**6,981**
Derivatives	111,762	—	111,762	—
Total financial liabilities	**111,762**	—	**111,762**	—

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, 2018, and December 31, 2017 are as follows:

	As at June 30, 2018			
In thousands of U.S. Dollars	Fair value	Level 1	Level 2	Level 3
Existing First Lien Term Loans	2,756,448	—	2,756,448	—
Total financial liabilities	**2,756,448**	—	**2,756,448**	—

	As at December 31, 2017 (*)			
In thousands of U.S. Dollars	Fair value	Level 1	Level 2	Level 3
Existing First Lien Term Loans	2,370,335	—	2,370,335	—
USD Second Lien Term Loan	95,713	—	95,713	—
Total financial liabilities	**2,466,048**	—	**2,466,048**	—

* The Corporation reassessed the fair value hierarchy of its long-term debt and reclassified it from Level 1 to Level 2 fair value hierarchy.

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 – cross-currency interest rate swaps

Currently, the Corporation uses cross-currency swap and interest rate swap agreements to manage its interest rate and foreign currency risk and foreign currency forward contracts to manage foreign currency risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on 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, including interest rate curves, 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 respective 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. However, as of June 30, 2018 and December 31, 2017, the Corporation assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions 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 cross-currency interest rate swap valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Derivative Financial Instruments – deal contingent derivative

Australian acquisition

As previously announced, on April 24, 2018, a subsidiary of the Corporation increased its equity interest in CrownBet from 62% to 80% and CrownBet acquired William Hill Australia. The estimated aggregate purchase price for both of these transactions was $315 million, a combination of cash and newly-issued Common Shares, for William Hill Australia. In connection with these transactions, to economically hedge its risk of AUD appreciation relative to USD, on March 14, 2018, the Corporation entered into a deal contingent forward contract to purchase AUD and sell USD at a contracted strike price. The Corporation settled the deal contingent forward on April 6, 2018, and recognized a realized loss of $7.4 million in the unaudited condensed consolidated statement of earnings for the six months ended June 30, 2018.

Sky Betting & Gaming acquisition

As previously announced, a subsidiary of the Corporation entered into an agreement to acquire SBG, which was subsequently completed on July 10, 2018. The aggregate purchase price under the transaction agreements of $4.7 billion was paid in a combination of cash and newly issued Common Shares. In connection with the transaction, to hedge the risk of GBP appreciation relative to USD, on April 26, 2018, the Corporation entered into deal contingent forward contracts (for GBP notional amount of £350 million each) to purchase GBP and sell USD at a contracted strike price.

The deal contingent derivatives were classified and measured at fair value through profit or loss, and the fair value was determined using a probability distribution approach, using an estimated probability of completing the SBG Acquisition of 95%, comparing the all-in forward rate to the contracted strike price for each possible date the transaction was expected to close ranging from GBP to USD from 1.4038 to 1.4683, and then discounted to the valuation date. An unrealized loss of $59.9 million related to the fair value changes to this derivative has been recognized in the unaudited interim condensed consolidated statement of earnings for the six months ended June 30, 2018 and is included as part of the foreign exchange within the general and administrative category in note 6. The deal contingent derivative was categorized as Level 3 within the fair value hierarchy. The Corporation did not account for the deal contingent derivative as a qualifying hedge under IFRS 9.

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, 2018, and December 31, 2017 for each Level 3 asset or liability the valuation techniques and key inputs used by the Corporation were as follows:

- Equity in private companies (Level 3 Asset): Given the nature of the investee's business, there is no readily available market data to carry out an extensive valuation. The Corporation assesses for impairment on an annual basis using latest management budgets, long-term revenue growth rates and pre-tax operating margins.
- Promissory note (Level 3 Promissory note): The Corporation received the full balance of the Promissory note during the year ended December 31, 2017.
- Put option (Level 3 Asset): The Corporation has measured the value of the put option granted in connection with the Corporation's acquisition of a 62% equity interest in CrownBet, see note 14, using the Black-Scholes valuation model. See note 10. The put option expired on April 24, 2018.
- Innova EBITDA support agreement (Level 3 Liability): As previously disclosed, in connection with the Innova Offering, the Corporation entered into an EBITDA support agreement with Innova. The Corporation uses a net present value approach for the Innova EBITDA support agreement using a 5.7% discount rate (2017 – 5.7% discount rate). The higher the discount rate, the lower the fair value. If the discount rate was 3.9% higher/lower while all other variables were held constant, the carrying amount would decrease/increase by CDN$0.2 million.
- Licensing Agreement (Level 3 Liability): As previously disclosed, in connection with the Chartwell/Cryptologic Sale, a subsidiary of the Corporation entered into a supplier licensing agreement with NYX Gaming Group (the "Licensing Agreement"). The Corporation uses a net present value approach for the Licensing Agreement using a 5.7% discount rate, 9% revenue share percentage and long-term revenue forecast (2017 – 5.7% and 9%, respectively). The higher the discount rate, the lower the fair value. If the discount rate was 3.9% higher/lower while all other variables were held constant, the carrying amount would not materially change.
- Deferred contingent payment relates to a further 18% equity interest in CrownBet (see note 14): The Corporation used a risk-neutral derivative-based simulation of the underlying EBITDA forecast to determine the fair value of the deferred contingent payment, used a discount rate of 8% and an EBITDA forecast with an estimated volatility between 25% and 30%.

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

In thousands of U.S Dollars	Level 3 Put option	Level 3 Equity	Level 3 Promissory note
Balance – January 1, 2017	—	**15,249**	**4,827**
Gain included in income from investments	—	(398)	—
Interest accretion included in financial expenses	—	—	256
Gain on settlement	—	—	3,001
Settlement of promissory note	—	—	(8,084)
NYX Sub Preferred Shares transfer out of Level 3	—	(8,526)	—
Unrealized gain included in other comprehensive income	—	656	—
Balance – December 31, 2017	—	**6,981**	—
Adjustment on adoption of IFRS 9	—	1,787	—
Balance – January 1, 2018 (restated)	—	**8,768**	—
Fair value movement on FVTPL investments	—	232	—
Fair value movement on put option	(12)	—	—
Balance – June 30, 2018	**(12)**	**9,000**	—

In thousands of U.S Dollars	Level 3 Put liability	Level 3 Deferred contingent payment
Balance – January 1, 2017	**5,594**	**195,506**
Accretion	—	2,048
Repayment of deferred consideration	—	(197,510)
Gain on settlement of deferred consideration	—	(44)
Settlement of put liability	(5,594)	—
Balance – December 31, 2017	—	—
Accretion	—	3,697
Deferred contingent payment	—	84,661
Balance – June 30, 2018	—	**88,358**

The put-call options on the 20% non-controlling interest in CrownBet (see note 10) is measured as a level 3 instrument. As at June 30, 2018 it has a nil balance, therefore has not been included in the tables above.

16. ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 9, Financial Instruments

As referenced in note 2 above, the Corporation adopted *IFRS 9, Financial Instruments* on January 1, 2018. The impact of the Corporation's transition to IFRS 9 is summarized below. During the quarter ended June 30, 2018, the Corporation made a non-material adjustment, totaling $12.9 million, to the amounts recognized in retained earnings in respect of the adoption of IFRS 9.

Classification of financial assets

As of January 1, 2018, management assessed which business models apply to the financial assets held by the Corporation and classified those financial assets into the appropriate IFRS 9 categories as follows:

Financial assets - January 1, 2018 In thousands of U.S. Dollars	FVTPL	Available-for-sale	FVOCI	Total financial assets
Opening balance - IAS 39	—	129,650	—	129,650
Reclassification of bonds from AFS to FVOCI	—	(115,343)	115,343	—
Reclassification of funds from AFS to FVTPL	7,045	(7,045)	—	—
Reclassification of equity in unquoted companies from AFS to FVTPL	6,981	(6,981)	—	—
Reclassification of equity in quoted companies from AFS to FVTPL	281	(281)	—	—
Opening balance - IFRS 9	**14,307**	**—**	**115,343**	**129,650**

Impairment of financial assets

The Corporation holds three types of financial assets subject to the new expected credit losses model applicable under IFRS 9 as follows:

Trade receivables carried at amortized cost;
Debt instruments carried at FVOCI; and
Other financial assets carried at amortized cost.

The Corporation was required to revise its impairment methodology upon adoption of IFRS 9 for each of these classes of financial assets.

The nature of the Corporation's business does not generate significant receivables and its investments are considered low risk as it pursues an investment strategy which only permits highly liquid investments with reputable financial institutions.

The impact of the change in impairment methodology on the opening carrying amounts of these financial assets and the opening balance of retained earnings is disclosed in the measurement of financial instruments table below.

Financial liabilities – debt modification

The Corporation was required to adjust the carrying amount of its existing long-term debt in respect of historic debt modifications upon adoption of IFRS 9. The adjustment required in respect of each of the historic debt modifications was calculated as the difference between the present value of the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This differs from the treatment under IAS 39, which required an adjustment to the prevailing effective interest rate on the loan rather than an adjustment to the carrying amount.

The impact of the change in treatment of historic debt modifications on the carrying amount of long-term debt and the opening balance of retained earnings is disclosed in the measurement of financial instruments table below.

Derivatives and hedging

As permitted by IFRS 9, the Corporation elected to continue to apply the hedge accounting requirements of IAS 39 to all its hedge accounting relationships, resulting in no impact upon adoption.

Measurement of financial instruments

The table below illustrates the result of adoption of IFRS 9 as of January 1, 2018 and the measurement impact on the respective categories of financial instruments:

	Measurement Category		**Carrying amount**		
In thousands of U.S. Dollars	**Original (IAS 39)**	**New (IFRS 9)**	**Original (IAS 39)**	**New (IFRS 9)**	**Adjustment to opening retained earnings**
Bonds	Available-for-sale	FVOCI	115,343	115,343	213
Funds	Available-for-sale	FVTPL	7,045	7,045	—
Equity in unquoted companies	Available-for-sale	FVTPL	6,981	8,767	(1,786)
Equity in quoted companies	Available-for-sale	FVTPL	281	281	—
Trade receivables	Loans and receivables	Amortized cost	112,227	111,435	792
Cash and restricted cash	Loans and receivables	Amortized cost	564,018	563,037	981
Long-term debt	Amortized cost	Amortized cost	(2,358,569)	(2,314,675)	(43,894)
			(1,552,674)	**(1,508,767)**	**(43,694)**

The Corporation has not designated any financial assets that meet the criteria for classification at amortized cost or FVOCI as FVTPL on initial recognition.

IFRS 15, Revenue from contracts with customers

As referenced in note 2 above, the Corporation adopted *IFRS 15, Revenue from contracts with customers* on January 1, 2018.

The adoption of IFRS 15 did not have a material impact on the timing and amount of revenue recognized by the Corporation.

The Corporation has amended the presentation and disclosure of total revenue as a result of the requirement under IFRS 15 to present revenue from contracts with customers separately from other sources of revenue. See note 4. Notwithstanding the presentation and disclosure requirement of IFRS 15 for total revenue, the Corporation continues to present segment revenues, including by major line of operation (i.e. Poker, Gaming, Betting and Other) and geographical region, which are presented and disclosed as they were prior to the Corporation's adoption of IFRS 15. See note 5.

17. RELATED PARTY TRANSACTIONS

In connection with the acquisition of a 62% equity interest in CrownBet, the Corporation acquired financial liabilities of $59.2 million, which included a loan of $15.5 million (AUD$19.7 million) from the minority shareholders of CrownBet. During the three months ended June 30, 2018 a subsidiary of the Corporation repaid $5.3 million (AUD$6.9 million) of such loan and entered into an agreement with such minority shareholders to forgive and discharge $8.6 million (AUD$11.5 million) of the outstanding loan balance. As at June 30, 2018, the outstanding loan balance was $0.9 million (AUD$1.3 million). The outstanding balance is non-interest bearing and repayable on demand.

As previously reported on March 6, 2018, a subsidiary of the Corporation entered into agreement with the holders of the non-controlling interest in CrownBet to increase its equity interest from 62% to 80% and for CrownBet to acquire William Hill Australia Holdings Pty Ltd, an Australian-based online sportsbook. According to the agreement, the non-controlling interest of CrownBet made a loan of $36.1 million (AUD$ 47.4 million) and equity contribution of $12.1 million (AUD$15.8 million). As at June 30, 2018, the outstanding loan balance was $35.1 million (AUD$ 47.4 million). The loan is non-interest bearing and repayable on the earlier of: 9 years and 364 days from the date of advance and the date of the 20% put-call option completion.

18. SUBSEQUENT EVENTS

SBG Acquisition

On July 10, 2018, the Corporation completed the SBG Acquisition.

The aggregate purchase price under the transaction agreement was $4.7 billion, of which $3.6 billion was paid in cash and the remainder was paid through the issuance of 37.9 million newly issued Common Shares. Due to the proximity of the Corporation's acquisition of SBG, to the approval of the Corporation's unaudited interim condensed consolidated financial statements for the three months ended June 30, 2018, it is not possible for the Corporation to complete the initial accounting for such transactions, including disclosure details of goodwill, fair value of consideration, assets and liabilities assumed, contingent liabilities recognized, transactions recognized separately and the impact on the amounts reported in the unaudited interim condensed consolidated statement of comprehensive income (loss).

In connection with the SBG Acquisition on July 10, 2018, the Corporation completed the SBG Financing, which included a combination of debt and equity financing. The debt portion of the SBG Financing was comprised of the Revolving Facility, the First Lien Term Loans and the Senior Notes, which are described below. The equity portion of the SBG Financing was comprised of the Equity Offering.

On July 10, 2018, as part of the SBG Financing, the Corporation replaced the Existing Revolving Facility with a new first lien revolving facility of $700 million (the "Revolving Facility"). Maturing on July 10, 2023, the Revolving Facility has an interest rate of LIBOR plus 3.25% (and EURIBOR or BBR plus 3.25% for borrowings in Euros and Australian Dollars, respectively). 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. The Revolving Facility requires, subject to a testing threshold, that the Corporation 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 of the date hereof, the Corporation has drawn $100 million under the Revolving Facility and had $74 million of letters of credit issued but undrawn thereunder. Availability under the Revolving Facility as of the date hereof is $526 million.

As previously disclosed, on July 10, 2018, the Corporation completed the SBG Financing, which replaced, among other things, the Existing USD First Lien Term Loans and Existing EUR First Lien Term Loans with new USD first lien term loans of $3.575 billion priced at LIBOR plus 3.50% (the "USD First Lien Term Loan") and new EUR first lien term loans of €850 million priced at EURIBOR plus 3.75% (the "EUR First Lien Term Loan" and, together with the USD First Lien Term Loan, the "First Lien Term Loans"), each with a maturity date of July 10, 2025 and a floor of 0%. Starting on the last day of the first fiscal quarter ending after July 10, 2018, the USD First Lien Term Loan requires scheduled quarterly payments in amounts equal to 0.25% of the aggregate principal amount of the USD First Lien Term Loan, with the balance due at maturity. There is no amortization on the EUR First Lien Term Loan.

On July 10, 2018, the Corporation, lenders and Deutsche Bank AG New York Branch, as agent, and certain other parties entered into a new credit agreement (the "Credit Agreement") for the First Lien Term Loans and the Revolving Facility to, among other things, reflect the foregoing transactions and continue to add certain operational and financial flexibility, particularly as it relates to the Corporation on a combined basis following the SBG Acquisition.

Consistent with the credit agreement for the Existing First Lien Term Loans, the Credit Agreement entered into in connection with the SBG Financing limits Stars Group Holdings B.V. and its subsidiaries' ability to, among other things, (i) incur additional debt, (ii) grant additional liens on their assets and equity, (iii) distribute equity interests and/or distribute any assets to third parties, (iv) make certain loans or investments (including acquisitions), (v) consolidate, merge, sell or otherwise dispose of all or substantially all assets, (vi) pay dividends on or make distributions in respect of capital stock or make restricted payments, (vii) enter into certain transactions with affiliates, (viii) change lines of business, and (ix) modify the terms of certain debt or organizational documents, in each case subject to certain exceptions.

Consistent with the credit agreement for the Existing First Lien Term Loans, the Credit Agreement entered into in connection with the SBG Financing also provides for customary mandatory prepayments, including a customary excess cash flow sweep.

In July 2018, the Corporation entered into new cross currency interest rate swap agreements to manage the foreign exchange risk and interest rate exposure under the Credit Agreement (the “New Swap Agreements” and together with the Existing Swap Agreements, the “Swap Agreements”). At the time of entering into the New Swap Agreements, the Corporation unwound and settled the Existing Swap Agreements for a cash amount of $58.5 million.

7.00% Senior Notes

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 (the “Senior Notes”) on July 10, 2018 at par 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, commencing on January 15, 2019. 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.

Upon certain events constituting a change of control under the indenture governing the Senior Notes (the “Indenture”), the holders of the Senior Notes have the right to require Stars Group Holdings B.V. to offer to repurchase the Senior Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, to (but not including) the date of purchase.

Prior to July 15, 2021, the Issuers may redeem some or all of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date, plus an applicable ‘‘make-whole’’ premium. On or after July 15, 2021, the Issuers may redeem some or all of the Senior Notes at the redemption prices set forth in the Indenture.

The Senior Notes include, among other terms and conditions, limitations on the Issuers’ ability to create, incur or allow certain liens; create, assume, incur or guarantee additional indebtedness of certain of the Issuers’ subsidiaries; and consolidate or merge with, or convey, transfer or lease all or substantially all of the Issuers’ and their subsidiaries’ assets, to another person.

As of the date hereof, the aggregate principal amount of outstanding Senior Notes is $1.00 billion.

Preferred share conversion

On July 18, 2018, the Corporation completed the previously announced mandatory conversion of all of its issued and outstanding Preferred Shares as of such date and issued 52 million Common Shares to the holders thereof. All Preferred Shares were cancelled and all rights associated therewith were terminated.

Prior to completion of the conversion, Polar Multi-Strategy Master Fund (and certain affiliated funds) and Verition Canada Master Fund Ltd. applied to the Ontario Superior Court of Justice for a declaration that the mandatory conversion would contravene the Corporation’s articles of continuance. On July 17, 2018 the Superior Court ruled in favor of the Corporation and dismissed the application. As a result, the Corporation proceeded with the conversion as indicated above. The applicants subsequently appealed the Superior Court decision and in the appeal are seeking, among other things, rescission of the conversion or potential damages.

Equity offering – over-allotment

The Equity Offering included an over-allotment option granted to the underwriters to purchase an additional 1,875,000 Common Shares from the Corporation and 1,875,000 Common Shares from the selling shareholders at a price of $38.00 per Common Share. The underwriters exercised this over-allotment option on July 26, 2018, which closed on July 24, 2018 and resulted in additional net proceeds to the Corporation after underwriting discounts and commissions, but before expenses of the over-allotment option payable by the Corporation, of $68.6 million.

THE STARS GROUP

Exhibit 99.3

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2018

August 13, 2018

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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, 2018. 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, 2018 (the "Q2 2018 Financial Statements"), the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2017 (the "2017 Annual Financial Statements") and Management's Discussion and Analysis thereon (the "2017 Annual MD&A"), and the Corporation's annual information form for the year ended December 31, 2017 (the "2017 Annual Information Form" and together with the 2017 Annual Financial Statements and 2017 Annual MD&A, the "2017 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 2018 Financial Statements in U.S. dollars and, unless otherwise indicated, in conformity with 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 2018 Financial Statements. Unless otherwise indicated, all dollar ("$") and "USD" amounts and references in this MD&A are in and to U.S. dollars, references to "EUR" or "€" are to European Euros, references to "GBP" or "£" are to British pound sterling, references to "CDN" or "CDN $" are to Canadian dollars and references to "AUS" or "AUS $" are to Australian dollars. Unless otherwise indicated, all references to a specific "note" refer to the notes to the Q2 2018 Financial Statements.

As a result of its previously announced Australian Acquisitions (as defined below) and in anticipation of the future integration of Sky Betting & Gaming ("SBG") and potential future geographic expansion, the Corporation has revised the composition of its reporting segments and the manner in which it will report its operating results beginning with the Q2 2018 Financial Statements and this MD&A. The Corporation believes that the new presentation will better reflect its current and expected management and operational structure. The Corporation previously had one reporting segment, gaming, with two major lines of operations, real-money online poker and combined real-money online casino and sportsbook. This will now be divided into two reporting segments, International and Australia (each as described below), with the major lines of operation noted below, and a Corporate cost center as further described below. The International segment currently includes the business operations of Stars Interactive Group (as defined below) and consisting of The Stars Group's existing business prior to the Australian Acquisitions and SBG Acquisition, and the Australia segment currently includes the business operations of CrownBet and William Hill Australia (each as defined below). Prior quarterly and annual segmental results and information presented in this MD&A have been recast to be presented in a manner consistent with the changed reporting segments. See "Segment Results of Operations" below and note 5 of the Q2 2018 Financial Statements for additional information on the Corporation's reporting segments.

As at June 30, 2018, the Corporation had four major lines of operations within its reporting segments, as applicable: real-money online poker ("Poker"), real-money online betting ("Betting"), real-money online casino gaming ("Gaming"), and other gaming-related revenues, including, without limitation, revenues from social and play-money gaming, live poker events, branded poker rooms and other nominal sources of revenue (collectively, "Other"). As it relates to these lines of operation, online revenues include revenues generated through the Corporation's online, mobile and desktop client platforms.

This MD&A references non-IFRS financial measures, including those under the headings "Limitations of Key Metrics, Other Data and Non-IFRS Measures", "Key Metrics and Non-IFRS Measures", "Consolidated Results of Operations and Cash Flows", "Segment Results of Operations", and "Reconciliations" below. The Corporation believes these non-IFRS financial measures will provide investors with useful supplemental information about the financial 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 and making decisions. Although management believes these financial measures 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 used by other companies and 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 Corporation's operating results.*

For purposes of this MD&A, 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 unless the context requires otherwise or otherwise defined (particularly as it relates to the Corporation's Gaming segment as used in this MD&A and the Q2 2018 Financial Statements, which currently only includes real-money online casino revenues), all references in this MD&A to "gaming" include all online gaming (e.g., poker and casino) and betting.

Unless otherwise stated, in preparing this MD&A the Corporation has considered information available to it up to August 13, 2018, the date the Corporation's board of directors (the "Board") approved this MD&A and the Q2 2018 Financial Statements.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A, the Q2 2018 Financial Statements, the 2017 Annual Reports and the Corporation's prospectus supplement dated June 21, 2018 to the short form base shelf prospectus dated January 16, 2018 (the "2018 Prospectus Supplement"), 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. 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, its subsidiaries and their respective customers and industries. 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 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. 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 "Overview and Outlook", "Key Metrics and Non-IFRS Measures", "Liquidity and Capital Resources" and "Recent Accounting Pronouncements".

Specific factors and assumptions include, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors and Uncertainties" section of the 2017 Annual Information Form and in the "Risk Factors" section of the 2018 Prospectus Supplement: the heavily regulated industry in which the Corporation carries on its business; risks associated with interactive entertainment and online and mobile gaming generally; 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; potential changes to the gaming regulatory framework; legal and regulatory requirements; 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; competition and the competitive environment within addressable markets and industries; impact of inability to complete future or announced acquisitions or to integrate businesses successfully; the Corporation's substantial indebtedness requires that it use a significant portion of its cash flow to make debt service payments; the Corporation's secured credit facilities contain covenants and other restrictions that may limit the Corporation's flexibility in operating its business; risks associated with advancements in technology, including artificial intelligence; ability to develop and enhance existing product offerings and new commercially viable product offerings; ability to mitigate foreign exchange and currency risks; ability to mitigate tax risks and adverse tax consequences, including, without limitation, the imposition of new or additional taxes, such as value-added ("VAT") and point of consumption taxes, and gaming duties; the Corporation's exposure to greater than anticipated tax liability; risks of foreign operations generally; protection of proprietary technology and intellectual property rights; 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; 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, without limitation, as it relates to payment processing; ability to obtain additional financing or to complete any refinancing on reasonable terms or at all; customer and operator preferences and changes in the economy; 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; and natural events; contractual relationships of SBG or the Corporation with Sky plc and/or its subsidiaries; 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; macroeconomic conditions and trends in the gaming and betting industry; bookmaking risks; an ability to realize projected financial increases attributable to acquisitions and the Corporation's business strategies; and an ability to realize all or any of the Corporation's estimated synergies and cost savings in connection with acquisitions. 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 2017 Annual Information Form, under the heading "Risk Factors" in the 2018 Prospectus Supplement, elsewhere in this MD&A and the 2017 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 of August 13, 2018, 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.

LIMITATIONS OF KEY METRICS, OTHER DATA AND NON-IFRS MEASURES

Key Metrics and Other Data

The numbers for the Corporation's key metrics, which include quarterly real-money active uniques ("QAUs"), quarterly net yield ("QNY"), net deposits ("Net Deposits"), Betting stakes ("Stakes") and Betting net win margin percentage ("Betting Net Win Margin"), as well as certain other metrics, 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 may differ from estimates published by third parties or from similarly-titled metrics of its competitors due to differences in methodology and access to information. Moreover, the numerator of QNY is a non-IFRS measure. For important information on the Corporation's non-IFRS measures, see the information presented under the heading "Management's Discussion and Analysis" above and "Key Metrics and Non-IFRS Measures" below. The Corporation continually seeks to improve its estimates of its active customer base and the level of customer activity, and such estimates may change due to improvements or changes in the Corporation's methodology.

For example, the methodologies used to measure the Corporation's customer metrics are based on significant internal judgments and estimates, and may be susceptible to algorithm, calculation or other technical errors, including, without limitation, 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 fail on a particular data backup or upload, which could lead to certain customer activity not being properly recorded or accurately included in the calculation of a particular key metric. In addition, as it relates to certain of the Corporation's product offerings, customers are required to provide certain information when registering and establishing real-money accounts, which could lead to the creation of multiple accounts for the same customer (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, but not actually deposit or transfer funds into their real-money accounts with the Corporation. Furthermore, Customers may have more than one account across the Corporation's brands that currently do not have common or shared account structure, which, if not properly recognized and accounted for, could lead to such customers being counted more than once. 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 discover inaccuracies in its metrics or 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 revenue amounts as a result of certain accounting reallocations made in later periods and adjustments to definitions in an effort to provide what management believes may be the most helpful and relevant data. 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. Additionally, all the Corporation's metrics are subject to software bugs, inconsistencies in the Corporation's systems and human error. Notwithstanding, the Corporation believes that any such irregularities, inaccuracies or adjustments are immaterial unless otherwise stated.

If the public or investors do not perceive the Corporation's customer metrics to accurately represent its customer base or level of customer activity, or if it discovers material inaccuracies in its customer metrics, the Corporation may be subject to certain liability and its reputation may be harmed, which could negatively affect its business, results of operations and financial condition.

Non-IFRS Measures

To supplement its Q2 2018 Financial Statements presented in accordance with IFRS, the Corporation considers certain financial measures that are not prepared in accordance with IFRS, including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Earnings, Adjusted Diluted Net Earnings per Share, Free Cash Flow (each as defined below), and the numerator of QNY. However, these measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. 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 expenses, where applicable, that the Corporation excludes in its calculation of these non-IFRS financial measures may differ from the expenses, if any, that its peer companies may exclude from similarly-titled non-IFRS measures when they report their results of operations. In addition, although certain excluded 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 expenses at this time as it does not consider them as on-going core operating expenses as it relates specifically to the Corporation as compared to its peer companies. For example, the Corporation currently excludes certain lobbying and legal expenses in jurisdictions where it is actively seeking licensure or similar approval, not for such expenses in jurisdictions where it (or any of its subsidiaries) currently operates, has customers, or holds a license or similar approval. 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 Stars Interactive Group Acquisition (as defined below) or from matters not directly involving the Corporation or its current business. Moreover, certain exclusions, such as retention bonuses and office restructuring and legacy business unit shutdown costs, primarily relate to the Corporation’s transformation following the Stars Interactive Group Acquisition and management believes such expenses are more similar to acquisition-related costs than to on-going core operating expenses. Similarly, certain integration costs in relation to the CrownBet, and William Hill Australian Acquisitions and the SBG Acquisition are or will also be excluded as being more similar to acquisition-related costs rather than on-going core operating expenses. Over time, as management continues assessing its operations and calculating applicable non-IFRS measures, it believes that, subject to, among other things, unanticipated events or impacts of anticipated events, it should have fewer adjustments or the amounts of such adjustments should decrease over time with the exception of acquisition-related costs, which may be incurred from time to time based on the Corporation’s strategic initiatives.

See also the information presented under the heading “Management’s Discussion and Analysis” above and “Key Metrics and Non-IFRS Measures” below.

OVERVIEW AND OUTLOOK

Business Overview and Background

The Stars Group is a leading provider of technology-based product offerings in the global gaming and interactive entertainment industries. 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 ''Stars Interactive Group Acquisition''), CrownBet Holdings Pty Limited and its subsidiaries and affiliates, including William Hill Australia Holdings Pty Ltd and its affiliates ("William Hill Australia" and where the context requires, collectively, "CrownBet"), which it acquired an 80% equity interest in between February 2018 and April 2018 (CrownBet acquired William Hill Australia in April 2018) (collectively, the "Australian Acquisitions"), and SBG, which it acquired in July 2018 (the "SBG Acquisition"). The Stars Interactive Group is based in the Isle of Man and operates globally, CrownBet operates and is based in Australia, and SBG is based in and primarily operates in the United Kingdom.

The Stars Group owns and operates gaming and related interactive entertainment businesses, such as online real-money poker, casino and betting (sometimes referred to as sportsbook) and play-money poker, casino and betting, which are delivered through both mobile and desktop applications and web. The Stars Group's 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 offers directly or indirectly these products and services under several ultimately owned or licensed gaming and related consumer businesses and brands, including, among others, *PokerStars*, *PokerStars Casino*, *BetStars*, *Full Tilt*, *BetEasy*, *Sky Bet*, *Sky Vegas*, *Sky Casino*, *Sky Bingo* and *Sky Poker*, 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 the global leader in the online poker market, and currently estimates that *PokerStars* holds a significant majority of the market share of real-money poker player liquidity, or the volume of real-money online poker players, in regions where it offers real-money online poker and is among the leaders in play-money online poker player liquidity. The Stars Group has a leading online casino, *PokerStars Casino*, which launched in November 2014. The Stars Group also has an emerging sportsbook, *BetStars*, which is currently primarily focused on regulated jurisdictions within the European Union, as well as a majority equity interest in CrownBet, which currently operates in the regulated Australian online betting market, the second largest regulated online betting market in the world. In July 2018, The Stars Group acquired SBG, a leading mobile-led betting and gaming operator, which currently primarily operates in the regulated United Kingdom online gaming market, the largest regulated online gaming market in the world.

In addition to pursuing growth opportunities in poker in existing and new markets, including through the innovation of new product features and enhancements, geographic expansion, improvements to the poker ecosystem (as discussed below), and increased marketing campaigns, The Stars Group believes there are potentially significant opportunities for further growth and diversification of revenues in the Gaming and Betting lines of operation. The Stars Group believes that such potential opportunities include both direct customer acquisition, leveraging its brand awareness, and cross-selling its new products to its existing customer base. The Stars Group continues to improve its online casino and betting product offerings, expanding the range of its game content and broadening the range of its geographic markets. The Stars Group also continues to invest in product enhancements, improving the user experience of its websites and mobile applications. These improvements are accompanied by external marketing campaigns to both drive direct customer acquisition and improve cross-selling to existing customers, as well as expand the geographic reach of its products. In addition to online casino and betting, The Stars Group currently intends to expand upon and explore other growth opportunities, including expanding upon its current social gaming offerings and pursuing other interactive entertainment opportunities.

The Stars Group's online casino offerings will likely be rolled out to certain additional jurisdictions, with the potential for both cross-selling to additional customers as well as direct customer acquisition. The Corporation currently has plans for product enhancements, such as enhancing its web casino and mobile applications and adding to its portfolio of unique and custom promotion tools. These promotional tools should enable improved promotions and loyalty, with ongoing investment in its Stars Rewards cross-vertical loyalty program and its VIP treatment program and the overall customer experience. The Stars Group believes it has a premier, scalable platform that diversifies its product offerings both geographically and across verticals and as such, continuously works to enhance this proprietary platform. The Corporation has invested significantly in its technology infrastructure since inception to provide a positive, best-in-class experience for its customers, not only from a gameplay perspective, but most importantly, with respect to security and integrity across its product offerings. The Stars Group dedicates nearly all of its research and development investments to its online gaming business, which seeks to provide broad market applications for products and services derived from its technology base, and expects to continue investing significantly in research and development in an effort to constantly improve customer experience and engagement. To support its strong reputation for security and integrity, The Stars Group employs what it believes to be industry-leading practices and systems with respect to various aspects of its technology infrastructure, including, but not limited to, information and payment security, game integrity, customer fund protection, marketing and promotion, customer support, responsible gaming, and loyalty programs, rebates and rewards (i.e., incentives). Additionally, the Corporation expects the SBG Acquisition to support ongoing enhancements to the Corporation's combined online casino offering, including integrating additional casino games, such as top performing slots and additional in-house developed games.

The Stars Group also monitors and assesses its product offerings, including through advanced business intelligence analytics regarding customer engagement and behavior, to continuously improve the experience for all of its customers and to ensure a safe, competitive and enjoyable environment. This includes implementing policies and controls over the use of abusive technological tools and software, assessing pricing and incentives, and introducing improvements to product ecosystems. In particular, The Stars Group has implemented, and continues to implement, policies and controls to significantly reduce or eliminate the use of certain sophisticated technology that may provide an artificial competitive advantage for certain customers over others. It has also made, and may continue to make, changes to its pricing and incentives to ensure that they align with the Corporation's objectives to reward customers for loyalty and behavior that is positive to the overall customer experience and the particular product's ecosystem. For example, since the beginning of 2016, The Stars Group has introduced certain improvements in the poker ecosystem to benefit and attract high-value, net-depositing customers (primarily recreational players) and reduce incentives for high-volume, net-withdrawing customers, and adjust the pricing on poker games and tournaments (also known as rake and tournament fees) on certain offerings (which resulted in an effective increase in pricing). Most recently, the Corporation launched the *Stars Rewards* program in July 2017, which is an integrated cross vertical loyalty program focused on improving customer engagement, retention and the player experience. The *Stars Rewards* program seeks to offer an exciting, personalized gaming experience that rewards players for their overall gameplay across poker, casino and sportsbook, in each case where available. *Stars Rewards* gives players randomized prizes based on a number of factors, including the time passed since the player made his or her first real-money deposit, volume of play, player impact on the overall ecosystem, such as whether the player is a net-withdrawing versus net-depositing player, and product and game selection.

The Stars Group anticipates that these and future planned improvements, despite an expected overall decrease in volume of gameplay and total deposit balances held by high-volume, net-withdrawing players, will create a more attractive environment and experience for recreational players, allowing them to play longer on its platforms and engage in its various product offerings. The Stars Group believes these initiatives have led and may continue to lead to an increase in Net Deposits. The Stars Group has been, among other things, reinvesting resulting savings and funds from the poker ecosystem improvements into marketing, increased incentives for certain customers, bonuses and promotions, new poker product offerings, research and development, and to help offset costs in the business, including certain taxes, gaming duties and other costs related to promoting the regulation of online gaming in various jurisdictions.

The Stars Group, through certain of its subsidiaries, is licensed or approved to offer, including under third-party gaming licenses, its product offerings in various jurisdictions throughout the world, including in Europe, both within and outside of the European Union, which is currently its primary market, Australia, North America and elsewhere. The Stars Group is one of the world's most licensed online gaming operators with its subsidiaries collectively holding licenses or approvals in 19 jurisdictions throughout the world, including in Europe, Australia, and the Americas. The Stars Group anticipates a combined evolution of regulation of online gaming, including online poker, casino and/or betting, including with respect to shared liquidity, globally and The Stars Group intends to seek licensure and/or approvals through third parties to operate in these jurisdictions as such opportunities become available to it. The Stars Group supports the regulation of online gaming, including licensing and taxation regimes and pooled poker liquidity, which it believes will promote sustainable online gaming markets that are beneficial for consumers, governments and the citizens of the regulating jurisdiction, operators and the gaming industry as a whole. The Stars Group expects to continue to invest substantial resources into these efforts, particularly in markets that management believes may in the future have the greatest impact on its business. The Stars Group strives to work with applicable governmental authorities to develop regulations that it expects would protect consumers, encourage responsible gaming, ensure efficient taxation and promote regulated gameplay. The Stars Group also strives to be among the first licensed operators to obtain gaming licenses, participate in shared liquidity pools and provide online gaming to customers in newly-regulated jurisdictions, in each case to the extent it would be in furtherance of The Stars Group's business goals and strategy and in compliance with its policies and procedures. See also "Regulatory Environment" in each of the 2017 Annual Information Form and the 2018 Prospectus Supplement.

The online gaming industry is heavily regulated and failure by The Stars Group to obtain or maintain applicable licensure or approvals, participate in shared liquidity pools or otherwise comply with applicable requirements, restrictions and prohibitions, could, among other things, be disruptive to its business and adversely affect its operations. The Stars Group may also be unable to capitalize on the expansion of online gaming or other trends and changes in the online gaming industry, in part due to laws and regulations governing this industry. For example, new gaming or gaming-related laws or regulations, changes in existing gaming or gaming-related laws or regulations, new interpretations of such laws or regulations or changes in the manner in which such laws and regulations are enforced, may materially hinder or prevent The Stars Group from continuing to operate in those jurisdictions where it currently conducts business or where its customers are located, which would harm its operating results and financial condition. For additional risks and uncertainties related to regulation, see "Risk Factors and Uncertainties—Risks Related to Regulation" in the 2017 Annual Information Form and under the heading "Risk Factors" in the 2018 Prospectus Supplement.

For additional information about The Stars Group, see the disclosure and discussion elsewhere in this MD&A, the 2017 Annual Reports and the 2018 Prospectus Supplement. For additional 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" below and in the 2017 Annual Information Form and "Risk Factors" in the 2018 Prospectus Supplement as well as the risks and uncertainties contained elsewhere herein, the 2017 Annual Reports and in other filings that The Stars Group has made and may make in the future with applicable securities authorities.

Recent Corporate and Other Developments

Below is a general summary of certain recent corporate and other developments from the second quarter of 2018 through the date hereof. For additional corporate and other developments and highlights, see the 2017 Annual Reports, the 2018 Prospectus Supplement and "Further Information" below.

CrownBet and William Hill Australia

On April 24, 2018, the Corporation increased its equity interest in CrownBet from 62% to 80% and CrownBet acquired William Hill Australia. The aggregate purchase price under the agreements for these transactions was $435 million (inclusive of $117.7 million to acquire the previously announced 62% equity interest in CrownBet), which was paid in a combination of cash and the issuance of 3,115,344 million newly-issued Common Shares. As part of the purchase of the additional 18% equity interest in CrownBet, the management team of CrownBet is entitled to an additional payment of up to $182 million in 2020 subject to certain conditions and payable in cash, additional Common Shares or a combination thereof, at the Corporation's discretion. To finance the cash portion of the purchase price for the transactions, the Corporation completed the April 2018 Amend and Extend (as defined below).

The Corporation currently anticipates rebranding CrownBet (including William Hill Australia) as BetEasy.

Amendment and Extension of Existing First Lien Term Loans and Existing Revolving Facility

As previously disclosed, on April 6, 2018, the Corporation successfully increased, repriced and extended the maturity of its Existing First Lien Term Loans and Existing Revolving Facility (each as defined below), amended and restated the applicable credit agreement, and fully repaid the remaining $95 million outstanding on its USD Second Lien Term Loan (as defined below) (collectively, the "April 2018 Amend and Extend"). For additional information, see "Liquidity and Capital Resources" below.

Election of New Director and Appointment of Executive Chairman and Lead Director

On May 10, 2018, the Corporation announced, among other things, that its shareholders had elected one new director, Mr. Rafael (Rafi) Ashkenazi, the Corporation's Chief Executive Officer, and re-elected Messrs. Divyesh (Dave) Gadhia, Harlan Goodson, Alfred F. Hurley, Jr. and David Lazzarato and Ms. Mary Turner to the Board at the annual and special meeting of shareholders. Following the meeting, Mr. Gadhia was appointed as Executive Chairman of the Board and Mr. Hurley as Lead Director. Mr. Peter E. Murphy did not stand for re-election.

U.S. Sports Betting

On May 14, 2018, the United States Supreme Court struck down, as an unconstitutional exercise of federal power, the nearly 30-year ban on sports betting under the Professional and Amateur Sports Protection Act. The Corporation believes that the decision by the Court is an important step forward in the regulation of sports betting in the United States and that it is well-positioned to take advantage of any new business and market opportunities as they develop. Currently, more than 20 states have either existing sports betting laws or have pending legislation to legalize or study sports betting. On August 2, 2018, The Stars Group and Resorts Casino Hotel announced the extension of their existing partnership in the New Jersey regulated online gaming market to include online and mobile sports wagering through the Corporation's *BetStars* brand alongside the already existing online poker and casino offering available through PokerStarsNJ. On August 10, 2018, The Stars Group and Mount Airy Casino Resort announced a partnership to enter Pennsylvania's online sports wagering and gaming market where The Stars Group will offer to customers in Pennsylvania its online poker, casino (including slots and tables) and sports wagering products.

Shared Liquidity Pool

As previously disclosed, on May 28, 2018, the Corporation announced that *PokerStars* players in Portugal joined the existing *PokerStars* shared player pool between France and Spain. *PokerStars* was the first online operator to offer such a shared player pool among the three previously ring-fenced markets, allowing players on the French-, Portuguese- and Spanish-licensed offerings to play against each other across real-money virtual poker tables.

Equity Offering

As previously disclosed, on June 26, 2018, the Corporation closed an underwritten public offering of Common Shares (the "Equity Offering") at a price of $38.00 per Common Share. The Corporation sold a total of 17,000,000 Common Shares and certain selling shareholders of the Corporation sold another 8,000,000 Common Shares. The net proceeds to the Corporation, after underwriting discounts and commissions, but before expenses of the Equity Offering payable by the Corporation, were $621.8 million. The Equity Offering also included an over-allotment option granted to the underwriters to purchase an additional 1,875,000 Common Shares from the Corporation and 1,875,000 Common Shares from the selling shareholders at a price of $38.00 per Common Share. The underwriters exercised this over-allotment option in full on July 20, 2018, which closed on July 24, 2018 and resulted in additional net proceeds to the Corporation after underwriting discounts and commissions, but before expenses of the over-allotment option payable by the Corporation, of $68.6 million.

Acquisition of Sky Betting & Gaming

As previously disclosed, on July 10, 2018, the Corporation completed the SBG Acquisition. The aggregate purchase price under the transaction agreements was $4.7 billion, of which $3.6 billion was paid in cash and the remainder was paid through the issuance of 37.9 million newly issued Common Shares. To finance the cash portion of the purchase price, repay the Existing First Lien Term Loans and repay SBG's existing long-term debt, the Corporation used cash on its balance sheet and raised $4.567 billion in First Lien Term Loans (as defined below), $1.00 billion in Senior Notes (as defined below) and $621.8 million of net proceeds (before expenses), excluding the overallotment, from the issuance of additional Common Shares as a result of the Equity Offering. The Corporation also obtained a new Revolving Facility (as defined below) of $700.0 million of which it had drawn $100.0 million as of completion of the acquisition (collectively with the foregoing, the "SBG Financing"). See "Overview and Outlook—Recent Corporate and Other Developments—Equity Offering", Liquidity and Capital Resources—Long-Term Debt" and note 18 in the Q2 2018 Financial Statements for additional information.

Mandatory Conversion of Preferred Shares

On July 18, 2018, the Corporation completed the previously announced mandatory conversion of all of its issued and outstanding convertible preferred shares ("Preferred Shares") as of such date and issued 52 million Common Shares to the holders thereof. All Preferred Shares were cancelled and all rights associated therewith were terminated.

Prior to completion of the conversion, Polar Multi-Strategy Master Fund (and certain affiliated funds) and Verition Canada Master Fund Ltd. applied to the Ontario Superior Court of Justice for a declaration that the mandatory conversion would contravene The Stars Group's articles of continuance. On July 17, 2018, the Superior Court ruled in favor of the Corporation and dismissed the application. As a result, the Corporation proceeded with the conversion as indicated above. The applicants subsequently appealed the Superior Court decision and in the appeal are seeking, among other things, rescission of the conversion or potential damages.

Financial Outlook

On August 13, 2018, the Corporation issued its second quarter 2018 financial results press release, which included its updated full year 2018 consolidated financial guidance reflecting, among other things, expected results from SBG and its majority equity interest in CrownBet. The press release is available on SEDAR, EDGAR and on The Stars Group's website at www.starsgroup.com.

KEY METRICS AND NON-IFRS MEASURES

The Corporation reviews a number of metrics and measures, including those set forth below, to evaluate its business, measure performance, identify trends, formulate business plans and make strategic decisions. Although management may have provided other metrics and measures in the past, it continues to review and assess the importance, completeness and accuracy of such metrics and measures as it relates to its evaluation of the Corporation's business, performance and trends affecting the same. This includes, without limitation, customer engagement, gameplay, depositing activity and various other customer trends, particularly following the introduction of certain previously announced improvements in the poker ecosystem to benefit and attract recreational customers and reduce incentives for high-volume, net-withdrawing customers, the introduction of certain customer acquisition initiatives, and the Corporation's expansion in real-money online casino and sportsbook, including through acquisitions and strategic transactions, particularly the Australian Acquisitions and SBG Acquisition. As such, management may determine that particular metrics or measures that may have been presented in the past may no longer be helpful or relevant to understanding the Corporation's current and future business, performance or trends affecting the same, in particular as the Corporation expands its presence in existing or new jurisdictions, integrates previously acquired businesses such as CrownBet and SBG, and continues to grow its Gaming and Betting lines of operations. As a result, such historic metrics or measures may be removed, replaced, redefined or clarified, or new or alternative metrics or measures may be introduced. For each applicable period, management intends to provide such metrics and measures that it believes may be the most helpful and relevant to obtain a complete and accurate understanding of the Corporation's business, performance, including normalized measures of the same, and trends affecting the same, in each case taking into account, among other things, the development of its product offerings, loyalty programs, customer acquisition efforts, expansion in new markets and verticals, and acquisitions and strategic transactions, if any. The Corporation is in the process of integration and migration of customers and platforms with respect to the Australian Acquisitions, and once complete, the Corporation intends to report certain key metrics for the Australia segment in addition to Stakes and Betting Net Margin, which are included in this MD&A.

In addition, the Corporation uses certain non-IFRS financial measures in evaluating its operating results and for financial and operational decision-making purposes. The Corporation believes that such measures help identify underlying trends in its business that could otherwise be masked by the effect of the expenses that it excludes in such measures or, in the case of Free Cash Flows, by cash that is not available for financial or operational use. The Corporation also believes that such measures provide useful information about its operating results, 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.

For additional information on how the Corporation calculates its key metrics and non-IFRS measures and factors that can affect such metrics and measures, see below and "Limitations of Key Metrics, Other Data and Non-IFRS Measures" above.

With respect to the International reporting segment, the Corporation provides applicable key metric trend information for each of the eight most recently completed quarterly periods, except for Stakes and Betting Net Win Margin, which are provided for the three and six months ended June 30, 2018 and the comparative periods in 2017. With respect to the Australia reporting segment, the Corporation currently provides only Stakes and Betting Net Win Margin for the three and six months ended June 30, 2018 and the comparative prior periods due to the timing of the Australian Acquisitions and the ongoing integration and migration of the same as noted above.

Non-IFRS measures for each segment (and on a consolidated basis) are presented for the three and six months ended June 30, 2018 and the comparative periods in 2017. Consolidated key metrics are not provided because management analyzes these key 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 key 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 revenues for the applicable segment.

For other important information on the Corporation's key metrics and non-IFRS measures and limitations related to the use of such metrics and measures, see the information presented under the heading "Management's Discussion and Analysis" and "Limitations of Key Metrics, Other Data and Non-IFRS Measures" above.

Key Metrics

Quarterly Real-Money Active Uniques (QAUs)

The Corporation defines QAUs 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 on during the applicable quarterly period. The Corporation defines unique 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). 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. 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. QAUs are disclosed for the International reporting segment on a combined basis for the Corporation's relevant brands within that segment. See "Segment Results of Operations" below.

Quarterly Net Yield (QNY)

The Corporation defines QNY as combined revenue for its lines of operation (i.e., Poker, Gaming and/or Betting), excluding Other revenues, 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. QNY is a non-IFRS measure. For important information on the Corporation's non-IFRS measures, see the information presented under the heading "Management's Discussion and Analysis" and "Limitations of Key Metrics, Other Data and Non-IFRS Measures" above. 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. QNY is disclosed for the International reporting segment on a combined basis for the Corporation's relevant brands within that segment. See "Segment Results of Operations" below. The Corporation also provides QNY on a constant currency basis. For additional information on the Corporation's constant currency revenues, see "Consolidated Results of Operations and Cash Flows—Foreign Exchange Impact on Revenue".

Net Deposits

The Corporation defines Net Deposits 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 closely correlated to the Corporation's reported revenue as some or all of such deposits eventually become revenue if and when the deposits are used for applicable rake, tournament fees or wagering. 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 but not limited to, 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 revenues. Net Deposits are disclosed for the International segment on a combined basis for the Corporation's relevant brands within that segment. See "Segment Results of Operations" below.

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 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 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. Stakes and Betting Net Win Margin are disclosed for each segment on a combined basis for the Corporation's relevant betting brands within that segment. See "Segment Results of Operations" below.

Non-IFRS Measures

The Corporation currently considers the following additional non-IFRS measures, 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 taxes 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.

Adjusted EBITDA Margin

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

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, deferred income taxes, stock-based compensation, restructuring and certain other items as set out in the reconciliation tables under "Reconciliations" below.

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, warrants and the Preferred Shares. The effects of anti-dilutive potential Common Shares are ignored in calculating Diluted Shares. Diluted Shares used in the calculation of diluted EPS (as defined below) 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 7 in the Q2 2018 Financial Statements. For the three and six months ended June 30, 2018, Diluted Shares used for the calculation of Adjusted Diluted Net Earnings per Share equaled 215,380,175 and 212,449,078, respectively, compared with 203,467,303 and 201,969,186 for the same periods in 2017, respectively.

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), as set out in the reconciliation tables under "Reconciliations" below. The Corporation believes that removing movements in customer deposit liabilities provides a more meaningful understanding of its free cash flows as customer deposits are not available funds for the Corporation to use for financial or operational purposes.

CONSOLIDATED RESULTS OF OPERATIONS AND CASH FLOWS

Summary consolidated results of operations, cash flows and certain other items of the Corporation for the three and six months ended June 30, 2018 and 2017 are set forth below:

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands of U.S. Dollars (except otherwise noted)	2018	2017	% Change	2018	2017	% Change
Revenue						
Poker	216,986	202,897	6.9%	462,861	421,559	9.8%
Gaming	101,941	80,726	26.3%	208,651	160,488	30.0%
Betting	80,912	8,836	815.7%	108,722	15,853	585.8%
Other	11,673	12,846	(9.1%)	24,169	24,725	(2.2%)
Total Revenue	**411,512**	**305,305**	**34.8%**	**804,403**	**622,625**	**29.2%**
Gross Profit	327,875	252,637	29.8%	640,502	507,496	26.2%
Gross Profit Margin (%)	79.7%	82.7%	(3.7%)	79.6%	81.5%	(2.3%)
Operating Expenses						
General and administrative	262,786	110,395	138.0%	404,093	213,250	89.5%
Sales and marketing	54,899	31,342	75.2%	104,319	65,360	59.6%
Research and development	9,126	5,383	69.5%	17,160	12,483	37.5%
Operating Income	**1,064**	**105,517**	**(99.0%)**	**114,930**	**216,403**	**(46.9%)**
Net Financing Charges	160,360	39,052	310.6%	198,710	81,497	143.8%
Net Earnings from Associates	(1,068)	—	(100.0%)	(1,068)	—	(100.0%)
Income Tax Recovery	(3,404)	(4,018)	(15.3%)	(2,249)	(1,330)	69.1%
Net (Loss) Earnings	**(154,824)**	**70,483**	**(319.7%)**	**(80,463)**	**136,236**	**(159.1%)**
Adjusted Net Earnings [1]	**131,023**	**114,028**	**14.9%**	**269,785**	**227,396**	**18.6%**
Adjusted EBITDA [1]	**168,270**	**146,539**	**14.8%**	**343,292**	**297,540**	**15.4%**
Adjusted EBITDA Margin [1]	**40.9%**	**48.0%**	**(14.8%)**	**42.7%**	**47.8%**	**(10.7%)**
Earnings Per Share						
Basic ($/Share)	(1.01)	0.48	(310.4%)	(0.52)	0.93	(155.9%)
Diluted ($/Share)	(1.01)	0.35	(388.6%)	(0.52)	0.67	(177.2%)
Adjusted Diluted Net Earnings per Share ($/Share) [1]	**0.60**	**0.56**	**7.1%**	**1.27**	**1.13**	**12.4%**
Net cash inflows from operating activities	164,011	130,426	25.8%	296,080	225,973	31.0%
Net cash outflows from investing activities	(230,757)	(6,015)	3736.4%	(334,594)	(8,930)	3646.9%
Net cash inflows (outflows) from financing activities	889,108	(153,997)	677.4%	861,289	(266,639)	423.0%
Free Cash Flow [1]	**84,856**	**94,857**	**(10.5%)**	**167,115**	**159,722**	**4.6%**

As at	June 30, 2018	December 31, 2017	% Change
Total Assets	6,707,735	5,415,126	23.9%
Total Non-Current Liabilities	3,005,867	2,509,221	19.8%

[1] Non-IFRS measure. For reconciliations of non-IFRS measures to their nearest IFRS measures, see “Reconciliations” below. For other important information on the Corporation’s non-IFRS measures and limitations related to the use of such non-IFRS measures, see the information presented under the heading “Management’s Discussion and Analysis”,

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

Revenue

a) Poker

Poker revenue for the quarter ended June 30, 2018 was $217.0 million, an increase of 6.9% compared to $202.9 million for the same period in 2017. Poker revenue for the six months ended June 30, 2018 was $462.9 million, an increase of 9.8% compared to $421.6 million for the same period in 2017. The increases for both periods were primarily the result of (i) continued success of the Stars Rewards loyalty program and continued focus on high-value, net-depositing customers (primarily recreational players), (ii) positive impacts of foreign exchange fluctuations and (iii) the introduction of shared poker liquidity in France and Spain in the first quarter and the addition of Portugal in the second quarter. This was partially offset by the cessation of operations in Australia in September 2017 and Colombia in July 2017, continued negative operating conditions in Poland due to certain prior regulatory changes in that jurisdiction and greater than anticipated cross selling during the 2018 FIFA World Cup (the "World Cup") to Gaming and Betting. See "Segment Results of Operations" below.

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, would represent less than 5% of its total consolidated revenue for the three and six months ended June 30, 2018 and 2017. These estimations are neither itemized nor otherwise separated from the revenues the Corporation reports under IFRS or otherwise, and as such, they cannot be reconciled to a reported IFRS measure.

b) Gaming

Gaming revenue for the quarter ended June 30, 2018 was $101.9 million, an increase of 26.3% compared to $80.7 million for the same period in 2017. Gaming revenue for the six months ended June 30, 2018 was $208.7 million, an increase of 30.0% compared to $160.5 million for the same period in 2017. The increases in both periods were primarily the result of (i) product and content improvements to *PokerStars Casino* including the introduction of over 150 new casino games during the six months ended June 30, 2018, (ii) positive impacts of foreign exchange fluctuations, and (iii) the launch of *PokerStars Casino* in certain new markets within the current year. This was partially offset by continued negative operating conditions in Poland due to certain prior regulatory changes in that jurisdiction.

c) Betting

Betting revenue for the quarter ended June 30, 2018 was $80.9 million, an increase of 815.7% compared to $8.8 million for the same period in 2017. Betting revenue for the six months ended June 30, 2018 was $108.7 million, an increase of 585.8% compared to $15.9 million for the same period in 2017. The increases in both periods were primarily due to (i) the Australian Acquisitions, (ii) product and content improvements to *BetStars*, (iii) the launch of *Betstars* in certain new markets within the current year, and (iv) increased wagering activity due to the World Cup. Revenue was further positively impacted by improved Betting Net Win Margin during both periods.

Foreign Exchange Impact on Revenue

The U.S. dollar, which continues to be the primary currency of gameplay on the Corporation's consolidated product offerings, has strengthened during the second quarter compared to the first quarter of 2018, relative to certain foreign currencies (particularly the Euro, which is the primary depositing currency of the Corporation's customers), but remains weaker during the first six months of 2018 compared to the same period in the prior year. This had a positive impact on the Corporation's Poker, Gaming and Betting. During the three and six months ended June 30, 2018, the Corporation estimates the increase in the purchasing power of its consumer base, based on a weighted average of customer deposits, was a result of an average 4.5% and 7.8% increase, respectively, in the value of its customers' local currencies relative to the U.S. dollar compared with the same periods in 2017.

To calculate revenue on a constant currency basis, the Corporation translated revenue for the current period using the prior year's monthly average exchange rates for its local currencies other than the U.S. dollar, which the Corporation believes is a useful metric that facilitates comparison to its historical performance, mainly because the U.S. dollar is the primary currency of gameplay on the Corporation's consolidated product offerings and the majority of the Corporation's customers are from European Union jurisdictions.

If the Corporation had translated its total consolidated IFRS revenue for the three and six months ended June 30, 2018 using the constant currency exchange rates for its source currencies other than the U.S. dollar, such revenues would have been $399.1 million and $755.9 million, respectively, which is $12.4 million and $48.5 million lower than actual IFRS revenues for each respective period. As a result, excluding the impact of year-over-year changes in foreign exchange rates, such revenues for the three and six months ended June 30, 2018 would have increased by 30.7% and 21.4%, respectively, as opposed to 34.8% and 29.2%, over the same periods in 2017.

Gross Profit and Gross Profit Margin

Gross profit for the quarter ended June 30, 2018 was $327.9 million, an increase of 29.8% compared to $252.6 million for the same period in 2017. Gross profit for the six months ended June 30, 2018 was $640.5 million, an increase of 26.2% compared to $507.5 million for the same period in 2017. The increases in both periods were primarily the result of increases in revenue from the Australian Acquisitions and as noted above.

Gross profit margin for the quarter ended June 30, 2018 was 79.7%, a decrease of 3.7% compared to 82.7% for the same period in 2017. Gross profit margin for the six months ended June 30, 2018 was 79.6%, a decrease of 2.3% compared to 81.5% for the same period in 2017. This decrease in both periods was primarily the result of increased gaming duties, levies and fees incurred due to expanded operations in existing markets, including as a result of shared liquidity, and expansion into certain new markets. Further, the proportion of Betting revenue in the 2018 periods has increased, which generally has lower margins than Poker and Gaming.

Operating Expenses

General and Administrative

General and administrative expenses for the quarter ended June 30, 2018 were $262.8 million, an increase of 138.0% compared to $110.4 million for the same period in 2017. General and administrative expenses for the six months ended June 30, 2018 were $404.1 million, an increase of 89.5% compared to $213.3 million for the same period in 2017. The increases in both periods were primarily the result of (i) up-front acquisition-related costs, including fair value adjustments to a deal-contingent forward contract in relation to the SBG Acquisition, of $95.2 million and $110.4 million in the quarter and six months ended June 30, 2018, respectively, relating to the Australian Acquisitions and SBG acquisition, (ii) increased salary and wages as the result of investment in additional headcount, and (iii) increased information technology and software costs driven by increased cloud storage space and additional leased data center spaces. In addition, in 2017, certain reversals of previous impairments of intangible assets reduced general and administrative expenses for the quarter and six months ended June 30, 2017.

Sales and Marketing

Sales and marketing expenses for the quarter ended June 30, 2018 were $54.9 million, an increase of 75.2%, compared to $31.3 million for the same period in 2017. Sales and marketing expenses for the six months ended June 30, 2018 were $104.3 million, an increase of 59.6% compared to $65.4 million for the same period in 2017. The increases in both periods were primarily driven by the Australian Acquisitions and increased advertising costs related to the World Cup and other marketing initiatives focused towards *BetStars* and *PokerStars*.

Research and Development

Research and development expenses for the quarter ended June 30, 2018 were $9.1 million, an increase of 69.5% compared to $5.4 million for the same period in 2017. Research and development expenses for the six months ended June 30, 2018 were $17.2 million, an increase of 37.5% compared to $12.5 million for the same period in 2017. The increases in both periods were primarily the result of additional investment in product offerings and content improvements, primarily in *PokerStars* and *PokerStars Casino*, including the introduction of over 150 new casino games during the six months ended June 30, 2018.

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 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. Further information on foreign currency risk can be found below in "Liquidity and Capital Resources—Market Risk—Foreign Currency Exchange Risk".

Net Financing Charges

Net financing charges for the quarter ended June 30, 2018 were $160.4 million, an increase of 310.6% compared to $39.1 million for the same period in 2017. Net financing charges for the six months ended June 30, 2018 were $198.7 million, an increase of 143.8% compared to $81.5 million for the same period in 2017. The increases in both periods were primarily the result of the non-cash loss on extinguishment recorded in respect of the April 2018 Amend and Extend of $125.0 million.

Income Tax Recovery

The Corporation's effective corporate income tax rates for the three and six months ended June 30, 2018 were 2.15% and 2.72%, respectively, as the Corporation primarily operates from the Isle of Man and Malta, which are low tax jurisdictions. In addition to corporate income tax, the Corporation also pays significant amounts of gaming duties, value-added taxes, employment-related taxes, withholding taxes and business rate taxes. As a result, the Corporation pays significant tax globally and will continue to incur increased corporate and other taxes as a result of the expansion of its operations following the Australian Acquisitions and the SBG Acquisition.

Net (Loss) Earnings

Net loss for the quarter ended June 30, 2018 was $154.8 million, a decrease of 319.7%, compared to net earnings of $70.5 million for the same period in 2017. Net loss for the six months ended June 30, 2018 was $80.5 million, a decrease of 159.1% compared to net earnings of $136.2 million for the same period in 2017. These losses were primarily the result of the above noted non-cash interest accretion expense relating to the April 2018 Amend and Extend and acquisition-related costs incurred in connection with the Australian Acquisitions and SBG Acquisition during the period and recorded through general and administrative expenses.

Adjusted Net Earnings

On an adjusted basis, Adjusted Net Earnings for the quarter ended June 30, 2018 was $131.0 million, an increase of 14.9%, compared to $114.0 million for the same period in 2017. Adjusted Net Earnings for the six months ended June 30, 2018 was $269.8 million, an increase of 18.6% compared $227.4 million for the same period in 2017. The increases in both periods were primarily the result of increases in gross profit as noted above, which were partially offset by increases in sales and marketing expense as noted above as well as increases in depreciation and amortization included within general and administrative expenses, which were driven primarily by increased capitalized development costs related to enhancements of the *PokerStars Casino* and *PokerStars* platforms as well as from entering new markets.

Basic and Diluted Net (Loss) Earnings per Share ("EPS")

Basic net loss per share for the quarter ended June 30, 2018 was $(1.01), a decrease of 310.4% compared to basic net EPS of $0.48 for the same period in 2017, based on weighted average Common Shares outstanding of 152,788,098 and 146,703,034, respectively. Basic net loss per share for the six months ended June 30, 2018 was $(0.52), a decrease of 155.9% compared to basic net EPS of $0.93 for the same period in 2017, based on weighted average Common Shares outstanding of 150,523,119 and 146,135,517, respectively. The decreases in both periods were due to net losses incurred as noted above, which were partially offset by the increases in weighted average Common Shares outstanding for both periods. This was primarily the result of the issuance of Common Shares in connection with the Australian Acquisitions and in relation to the exercise of stock options and certain other equity awards. The Common Shares issued in the Equity Offering had a nominal impact to weighted average Common Shares outstanding used in the calculation due to the proximity of the issuance to June 30, 2018.

Diluted net loss per share for the quarter ended June 30, 2018 was $(1.01), a decrease of 388.6% compared to diluted net EPS of $0.35 for the same period in 2017, based on weighted average Common Shares outstanding of 152,788,098 and 203,467,303, respectively. Diluted net loss per share for the six months ended June 30, 2018 was $(0.52), a decrease of 177.2%, compared to diluted net EPS of $0.67 for the same period in 2017, based on weighted average Common Shares outstanding of 150,523,119 and 201,969,186, respectively. The decreases in both periods were due to net losses incurred as noted above, and were 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 below used to calculate diluted earnings (loss) per share because the exercise, conversion or settlement of such securities would be anti-dilutive. This compares to the same periods in 2017 where dilutive securities were primarily impacted by the Preferred Shares.

Adjusted Diluted Net Earnings per Share

Adjusted Diluted Net Earnings per Share for the quarter ended June 30, 2018 was $0.60, an increase of 7.1%, compared to $0.56 for the same period in 2017, based on weighted average Common Shares outstanding of 215,380,175 and 203,467,303, respectively. Adjusted Diluted Net Earnings per Share for the six months ended June 30, 2018 was $1.27, an increase of 12.4% compared to $1.13 for the same period in 2017, based on weighted average Common Shares outstanding of 212,449,178 and 201,969,186, respectively. The increases in both periods were primarily the result of increased Adjusted Net Earnings as noted above, which was partially offset by increases in both periods in the weighted average Common Shares outstanding. This was primarily the result of the issuance of Common Shares in connection with the Australian Acquisitions and in relation to the exercise of stock options and certain other equity awards. The Common Shares issued in the Equity Offering had a nominal impact to weighted average Common Shares outstanding. See “Basic and Diluted (Loss) Earnings per Share” above.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA for the quarter ended June 30, 2018 was $168.3 million, an increase of 14.8% compared to $146.5 million for the same period in 2017. Adjusted EBITDA for the six months ended June 30, 2018 was $343.3 million, an increase of 15.4% compared to $297.5 million for the same period in 2017. The increases in Adjusted EBITDA in both periods were primarily due to increased revenue and gross profit margin across all segments as noted above.

Adjusted EBITDA Margin for the quarter ended June 30, 2018 was 40.9%, a decrease of 14.8% compared to 48.0% for the same period in 2017. Adjusted EBITDA Margin for the six months ended June 30, 2018 was 42.7%, a decrease of 10.7% compared to 47.8% for the same period in 2017. The decreases in Adjusted EBITDA Margin were primarily due to (i) the decrease in gross profit margins as noted above and (ii) increased advertising costs related to the World Cup and other marketing initiatives primarily focused towards *BetStars* and *PokerStars*.

Cash Flows by Activity

Cash from Operating Activities

The Corporation generated cash inflows from operating activities for the quarter and six months ended June 30, 2018 and 2017. The Corporation’s cash inflows from operating activities increased for each of the respective periods in 2018 as compared to the prior year periods primarily as a result of the above noted increase in revenue and gross profit generated from the underlying operations of the Corporation and a net inflow in relation to customer deposits relative to the prior year periods being net outflows. This was partially offset by increases in cash operating expenses due to the Australian Acquisitions.

Cash from (used in) Financing Activities

During the quarter and six months ended June 30, 2018, cash flows from financing activities were primarily impacted by cash inflows of (i) $673.6 million related to the issuance of Common Shares primarily in connection with the Equity Offering (not including the proceeds from the exercise of the over-allotment option in full) and the exercise of employee stock options and (ii) $425.0 million of additional Existing First Lien Term Loans incurred in connection with the April 2018 Amend and Extend. These inflows were partially offset by outflows related to interest and principal repayments on the Existing First Lien Term Loans and the repayment in full of the USD Second Lien Term Loan as well as $48.2 million in cash consideration (net of cash acquired) paid for the acquisition of an incremental 18% interest in CrownBet.

During the three months ended June 30, 2017, the primary expenditures affecting cash flows from financing activities were (i) the payment of $122.5 million on the deferred purchase price for the Stars Interactive Group Acquisition and (ii) the payment of long-term debt interest and repayments of principal related to the Existing First Lien Term Loans and the USD Second Lien Term Loan.

During the six months ended June 30, 2017, the primary expenditures affecting cash flows from financing activities were (i) the payment of $197.5 million on the deferred purchase price noted above, (ii) the payment of long-term debt interest and repayments of principal related to the Existing First Lien Term Loans and the USD Second Lien Term Loan, (iii) the settlement of an investment margin account previously utilized to acquire strategic investments in 2014, and (iv) the payment of certain transaction costs in connection with the Repricing (as defined below). These expenditures were partially offset by a gain on settlement of certain derivatives.

Cash used in Investing Activities

The Corporation's cash outflows from investing activities during the quarter ended June 30, 2018 were primarily impacted by (i) $208.9 million in cash consideration (net of cash acquired) paid in connection with CrownBet's acquisition of William Hill Australia, and (ii) capital expenditures, primarily consisting of investments in online gaming development, in each case partially offset by the inflow of cash from the sale of certain investments made with customer deposits. The Corporation's cash outflows from investing activities during the quarter ended June 30, 2017 were primarily impacted by (i) the previously disclosed acquisition of the remaining interests in Stars Fantasy Sports Subco, LLC ("Stars Fantasy"), and (ii) capital expenditures, primarily consisting of investments in online poker, casino and sportsbook development, in each case partially offset by the inflow of cash from the settlement of the note received in connection with the sale of a former subsidiary, Cadillac Jack Inc., in 2015 (the "Cadillac Jack Note").

The Corporation's cash outflows from investing activities during the six months ended June 30, 2018 were primarily the result of (i) $309.5 million in cash consideration (net of cash acquired) paid for the acquisition of 62% equity interest in CrownBet and CrownBet's acquisition of William Hill Australia, and (ii) capital expenditures, primarily consisting of investments in online poker, casino and sportsbook development, in each case partially offset by the inflow of cash from the from the sale of certain investments made with customer deposits. During the six months ended June 30, 2017, the Corporation's cash outflows from investing activities were primarily impacted by (i) the previously disclosed acquisition of the remaining interests in Stars Fantasy, and (ii) capital expenditures, primarily consisting of investments in online poker, casino and sportsbook development, in each case partially offset by the inflow of cash from the settlement of the Cadillac Jack Note.

Free Cash Flow

Free Cash Flow for the quarter ended June 30, 2018 was $84.9 million, a decrease of 10.5% compared to $94.9 million for the same period in 2017. The decrease was primarily the result of (i) outflows related to movements in customer deposit liabilities and (ii) increases in capital expenditures as the Corporation continued to invest in future product improvements, which were partially offset by (i) increased cash inflows from operating activities as noted above.

Free Cash Flow for the six months ended June 30, 2018 was $167.1 million, an increase of 4.6% compared to $159.7 million for the same period in 2017. The increase was primarily the result of (i) increased cash inflows from operating activities as noted above, which were partially offset by (i) outflows related to movements in customer deposit liabilities and (ii) increases in capital expenditures as the Corporation continues to invest in future product improvements.

Total Assets

Total assets as at June 30, 2018 were $6.7 billion, an increase of 23.9% compared to $5.4 billion as of December 31, 2017. The increase was primarily the result of increases in (i) cash and cash equivalents primarily resulting from the Equity Offering (not including the proceeds from the exercise of the over-allotment option) and the April 2018 Amend and Extend and (ii) goodwill and intangible assets relating primarily to the Australian Acquisitions.

Total Non-Current Liabilities

Total non-current liabilities as at June 30, 2018 were $3.0 billion, an increase of 19.8% compared to $2.5 billion for the year ended December 31, 2017. The increase was primarily the results of increases in (i) long-term debt resulting from the April 2018 Amend and Extend, (ii) contingent consideration relating to the Corporation's acquisition of an incremental 18% interest in CrownBet and (iii) deferred tax liabilities as a result of deferred taxes recorded on the intangibles acquired through the Australian Acquisitions.

SEGMENT RESULTS OF OPERATIONS

As a result of its previously announced Australian Acquisitions and in anticipation of the future integration of SBG and potential future geographic expansion, the Corporation has revised the composition of its reporting segments and the manner in which it will report its operating results. Commencing with the Q2 2018 Financial Statements and this MD&A, the Corporation currently has two reporting segments, International and Australia, and four major lines of operations within its reporting segments, Poker, Gaming, Betting and Other, as applicable, and a Corporate cost center. See above under "Managements Discussion and Analysis" and note 5 of the Q2 2018 Financial Statements.

Prior quarterly and annual 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, 2018, the International reporting segment included the Stars Interactive Group business, which represents the Corporation's existing business prior to the Australian Acquisitions and SBG Acquisition, and operates across all lines of operations and in various jurisdictions around the world, under the brands identified above under "Overview and Outlook".

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands of U.S. Dollars (except otherwise noted)	2018	2017	% Change	2018	2017	% Change
Stakes	*248,572*	*144,352*	*72.2%*	*471,557*	*287,448*	*64.0%*
Betting Net Win Margin (%)	*7.9%*	*6.1%*	*29.0%*	*7.7%*	*5.5%*	*39.7%*
Revenue						
Poker	216,986	202,897	6.9%	462,861	421,559	9.8%
Gaming	101,941	80,726	26.3%	208,651	160,488	30.0%
Betting	19,635	8,836	122.2%	36,321	15,853	129.1%
Other	11,673	12,846	(9.1%)	24,169	24,725	(2.2%)
Total Revenue	**350,235**	**305,305**	**14.7%**	**732,002**	**622,625**	**17.6%**
Gross Profit	**281,076**	**252,637**	**11.3%**	**586,131**	**507,496**	**15.5%**
Gross Profit Margin (%)	80.3%	82.7%	(3.0%)	80.1%	81.5%	(1.8%)
General and administrative	105,257	104,208	1.0%	208,581	190,338	9.6%
Sales and marketing	42,255	31,302	35.0%	87,226	65,290	33.6%
Research and development	8,358	5,383	55.3%	16,176	12,483	29.6%
Operating Income	**125,206**	**111,744**	**12.0%**	**274,148**	**239,385**	**14.5%**
Adjusted EBITDA [1]	**164,317**	**145,828**	**12.7%**	**350,796**	**307,386**	**14.1%**
Adjusted EBITDA Margin (%) [1]	**46.9%**	**47.8%**	**(1.8%)**	**47.9%**	**49.4%**	**(2.9%)**

[1] Non-IFRS measure. For reconciliations of non-IFRS measures to their nearest IFRS measures, see "Reconciliations" below. For other important information on the Corporation's non-IFRS measures and limitations related to the use of such non-IFRS measures, see the information presented under the heading "Management's Discussion and Analysis",

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

Revenue

a) Poker

Poker revenue for the quarter ended June 30, 2018 was $217.0 million, an increase of 6.9% compared to $202.9 million for the same period in 2017. Poker revenue for the six months ended June 30, 2018 was $462.9 million, an increase of 9.8% compared to $421.6 million for the same period in 2017. The increases for both periods were primarily the result of (i) continued success of the Stars Rewards loyalty program and continued focus on high-value, net-depositing customers (primarily recreational players), (ii) positive impacts of foreign exchange fluctuations and (iii) the introduction of shared poker liquidity in France and Spain in the first quarter and the addition of Portugal in the second quarter. This was partially offset by the cessation of operations in Australia in September 2017 and Colombia in July 2017 and continued negative operating conditions in Poland due to certain prior regulatory changes in that jurisdiction. In addition, Poker revenue was negatively impacted by greater than anticipated cross selling during the World Cup to Gaming and Betting. See "Segment Discussion of Operations" below.

b) Gaming

Gaming revenue for the quarter ended June 30, 2018 was $101.9 million, an increase of 26.3% compared to $80.7 million for the same period in 2017. Gaming revenue for the six months ended June 30, 2018 was $208.7 million, an increase of 30.0% compared to $160.5 million for the same period in 2017. The increases in both periods were primarily the result of (i) product and content improvements to *PokerStars Casino* including the introduction of over 150 new casino games during the six months ended June 30, 2018, (ii) positive impacts of foreign exchange fluctuations, and (iii) the launch of *PokerStars Casino* in certain new markets within the current year. This was partially offset by continued negative operating conditions in Poland due to certain prior regulatory changes in that jurisdiction.

c) Betting

Betting revenue for the quarter ended June 30, 2018 was $19.6 million, an increase of 122.2% compared to $8.8 million for the same period in 2017. Betting revenue for the six months ended June 30, 2018 was $36.3 million, an increase of 129.1% compared to $15.9 million for the same period in 2017. The increases in both periods reflect increases in Stakes of 72.2% and 64.0%, respectively, and Betting Net Win Margin of 29.0% and 39.7%, respectively, for the quarter and six months ended June 30, 2018. These increases were primarily due to (i) product and content improvements to *BetStars*, (ii) the launch of *Betstars* in certain new markets within the current year, and (iii) increased wagering activity due to the World Cup.

Gross Profit and Gross Profit Margin Percentage

Gross profit for the quarter ended June 30, 2018 was $281.1 million, an increase of 11.3% compared to $252.6 million for the same period in 2017. Gross profit for the six months ended June 30, 2018 was $586.1 million, an increase of 15.5% compared to $507.5 million for the same period in 2017. The increases in both periods were primarily the result of increases in revenue as noted above.

Gross profit margin for the quarter ended June 30, 2018 was 80.3%, a decrease of 3.0% compared to 82.7% for the same period in 2017. Gross profit margin for the six months ended June 30, 2018 was 80.1%, a decrease of 1.8% compared to 81.5% for the same period in 2017. The decreases in both periods was primarily the result of increased gaming duties, levies and fees incurred due to expanded operations in existing markets, including as a result of shared liquidity, and expansion into certain new markets. Further, the proportion of Betting revenue in the 2018 periods has increased, which generally has lower margins than Poker and Gaming.

Operating Expenses

General and administrative

General and administrative expenses for the quarter ended June 30, 2018 were $105.3 million, an increase of 1.0% compared to $104.2 million for the same period in 2017. General and administrative expenses for the six months ended June 30, 2018 were $208.6 million, an increase of 9.6% compared to $190.3 million for the same period in 2017. The increases in both periods were primarily the result of (ii) increased salary and wages as the result of investment in additional headcount, and (iii) increased information technology and software costs driven by increased cloud storage space and additional leased data center spaces. In addition, in 2017, certain reversals of previous impairments of intangible assets reduced general and administrative expenses for the quarter and six months ended June 30, 2017.

Sales and marketing

Sales and marketing expenses for the quarter ended June 30, 2018 were $42.3 million, an increase of 35.0% compared to $31.3 million for the same period in 2017. Sales and marketing expenses for the six months ended June 30, 2018 were $87.2 million, an increase of 33.6% compared to $65.3 million for the same period in 2017. The increases in both periods were primarily the result of increased advertising costs related to the World Cup and other marketing initiatives primarily focused towards *BetStars* and *PokerStars*.

Research and development

Research and development expenses for the quarter ended June 30, 2018 were $8.4 million, an increase of 55.3% compared to $5.4 million for the same period in 2017. Research and development expenses for the six months ended June 30, 2018 were $16.2 million, an increase of 29.6% compared to $12.5 million for the same period in 2017. The increases in both periods were primarily the result of additional investment in product offerings and content improvements, primarily in *PokerStars* and *PokerStars Casino*, including the introduction of over 150 new casino games during the six months ended June 30, 2018.

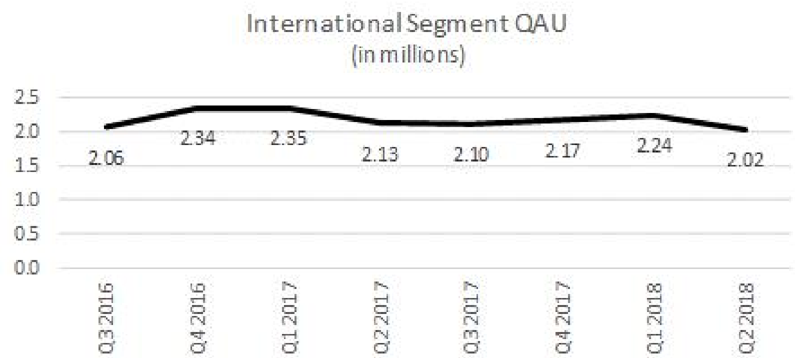
International Segment Adjusted EBITDA and Adjusted EBITDA Margin

The International segment’s Adjusted EBITDA for the quarter ended June 30, 2018 was $164.3 million, an increase of 12.7% compared to $145.8 million for the same period in 2017. The International segment’s Adjusted EBITDA for the six months ended June 30, 2018 was $350.8 million, an increase of 14.1% compared to $307.4 million for the same period in 2017. The increase in both periods was primarily due to increased revenue and gross profit margin as noted above.

The International segment’s Adjusted EBITDA Margin for the quarter ended June 30, 2018 was 46.9%, a decrease of 1.8% compared to 47.8% for the same period in 2017. The International segment’s Adjusted EBITDA Margin for the six months ended June 30, 2018 was 47.9%, a decrease of 2.9% compared to 49.4% for the same period in 2017. The decreases in both periods were primarily due to (i) the decrease in gross profit margins as noted above and (ii) increased advertising costs related to the World Cup and other marketing initiatives primarily focused towards *BetStars* and *PokerStars*.

Key Metrics

International Segment QAUs



During the quarter ended June 30, 2018, the International segment had 2.02 million combined QAUs, which represents a decrease of 5.2% over the same period in 2017. The Corporation believes that the decrease when compared to the same period in 2017 was primarily the result of (i) the Corporation's continued strategy of focusing on positive return customer relationship management ("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, (ii) the cessation of online poker operations in Australia in September 2017 and Colombia in July 2017, and (iii) impaired operations in Poland resulting from regulatory changes. Notwithstanding, the Corporation's QAUs were positively impacted by the growth and expansion of the Corporation's real-money online casino and betting product offerings within its International segment. Historically, QAUs have generally been higher in the first and fourth fiscal quarters. For a description of seasonal trends and other factors, see "Summary of Quarterly Results" below.

The Corporation has faced and may continue to face challenges in increasing the size of its active customer base in its International segment due to, among other things, competition from alternative products and services, 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 customers over others, and past and potential future weakness in global currencies against the U.S. dollar, which decreases the purchasing power of the Corporation's segment customer base as the U.S. dollar is the primary currency of gameplay on the International segment's product offerings. Notwithstanding, within the International segment the Corporation intends to grow its customer base, reactivate dormant users and retain existing customers by, among other things, continuing to introduce improvements in the poker ecosystem to benefit recreational players, expanding the product depth of its casino offering, improving the user interface and user experience of its sportsbook, investing in CRM initiatives, demonstrating the superiority of its product offerings, improving the effectiveness of its marketing and promotional efforts, expanding the availability of its offerings geographically, including through potential acquisitions and strategic transactions, and continuing to introduce new and innovative product offerings, features and enhancements. To the extent the growth of or growth rate in the Corporation's customer base declines or continues to decline, the Corporation's revenue growth will become increasingly dependent on its ability to increase levels of customer monetization.

International Segment QNY

During the quarter ended June 30, 2018, the International segment's QNY was $167, which represents an increase of 21.9% from the same period in 2017 and reflects positive growth across all product offerings within that segment. The growth in QNY was primarily the result of (i) the continued success of the *Stars Rewards* loyalty program and continued focus on high-value, net-depositing customers (primarily recreational players), (ii) positive impacts of foreign exchange fluctuations, (iii) continued development of the casino and sportsbook product offerings, including through additional third-party slots under the *PokerStars Casino* brand and improvement of the user experience and user interface under the *BetStars* brand, and (iv) increased Betting Net Win Margin with respect to the *BetStars* brand. During the three months ended June 30, 2018, the Corporation's constant currency International segment QNY was $161, which represents an increase of 17.5% from the prior year period. The growth in constant currency QNY was driven primarily by the same factors mentioned above.

There are many variables that impact the monetization of the Corporation's International segment product offerings through QNY, including the rake and fees charged in real-money online poker, 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 in certain jurisdictions, and the amount the Corporation spends on advertising and other expenses. The Corporation currently intends to increase International segment QNY in future periods by, among other things, (i) continuing to introduce new and innovative product offerings and other initiatives to enhance and optimize the customer experience and increase customer engagement, including through CRM initiatives to attract and retain high-value customers (primarily recreational players), (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 poker, casino and sportsbook offerings to both existing and new customers, and (iv) continuing to expand and improve its online casino and sportsbook offerings, including through the addition of new product offerings and new geographies, and through acquisitions and strategic transactions.

International Segment Net Deposits

During the quarter ended June 30, 2018, Net Deposits for the Corporation's International segment were $322 million, which represents an increase of 19.3% over the same period in 2017. The increase in Net Deposits was due to growth, in absolute terms, of gross deposits, or transfers of funds made by customers into their real-money online accounts, surpassing growth in withdrawals, or transfers of funds by such customers from such accounts. The Corporation believes that the increase was primarily driven by the implementation of the *Stars Rewards* loyalty program and continued focus on high-value customers (primarily recreational players), positive impacts from foreign exchange fluctuations, continued development of the casino and sports betting product offerings, including through additional third-party slots under the *PokerStars Casino* brand and improvement of the user experience and user interface under the *BetStars* brand.

As with QAUs and QNY, there are many variables that impact International segment Net Deposits, most of which are substantially similar to those noted above impacting the monetization of the Corporation's product offerings as evidenced through QNY. In addition, there are certain factors that have impacted, and may in the future impact, Net Deposits that are not indicative of the performance or underlying health of the Corporation'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 on the consolidated statements of financial position) by high-volume, net-withdrawing customers (primarily professional or highly experienced players) 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, allowing them to play longer on its platforms and engage in its various product offerings, 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 revenues as such customers generally use only a small portion of them to bet or wager. In the first and second quarters of 2016, following the initial implementation of such changes to the poker ecosystem, including changes to its then-effective VIP program, the Corporation experienced significant movements in customer real-money account balances resulting from increased withdrawals by high-volume, net-withdrawing customers. As the Corporation continues to make adjustments and improvements to 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.

International Segment Stakes and Betting Net Win Margin

Stakes for the quarter ended June 30, 2018 were $248.6 million, an increase of 72.2% compared to $144.4 million for the same period in 2017. Stakes for the six months ended June 30, 2018 were $471.6 million, an increase of 64.0% compared to $287.4 million for the same period in 2017. The increase in both periods was primarily the result of an increase in the absolute number of QAUs using the *BetStars* platform, as well as an increase in engagement (measured by, among other things, Stakes per QAU). This growth was primarily driven by improved cross-sell from poker, improvements to the *BetStars* product offerings, an increased focus on enhancing the customer experience and overall improved customer retention and increased marketing (external and cross-sell from poker).

There are many variables that impact Stakes, including QAUs, the seasonality of sporting events throughout the year (such as timing of professional soccer including English Premier League, tennis, and others) and major tournaments, including, without limitation, the World Cup and UEFA European Championships. For example, the World Cup, which began on June 14, 2018, 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. The mix of products and markets is also an important driver of total Stakes.

Betting Net Win Margin for the quarter ended June 30, 2018 was 7.9%, an increase of 1.8 percentage points compared to 6.1% for the same period in 2017. Betting Net Win Margin for the six months ended June 30, 2018 was 7.7%, an increase of 2.2 percentage points compared to 5.5% for the same period in 2017. The increase in both periods was primarily the result of favorable sporting results, increased efficiency of bonuses and offers, including free bets, an increased focus on CRM and an increase in higher margin products such as accumulator bets (i.e., where customers combine multiple bets together).

There are also many variables that impact Betting Net Win Margin, including, without limitation, client management and bet limits, the outcome of sporting results, the mix of Stakes and bet types, and the use of offers, promotions and pricing strategy. The Betting Net Win Margin can vary significantly from quarter to quarter depending on the variables noted above; however, over the long term, these margins tend to become more predictable.

Australia

As of June 30, 2018, the Australia reporting segment included the CrownBet and William Hill Australia businesses, which currently operate only within the Betting line of operation and primarily in Australia.

	Three Months Ended June 30,			Six Months Ended June 30,		
In thousands of U.S. Dollars (except otherwise noted)	2018	2017	% Change	2018	2017	% Change
Stakes	*710,269*	—	*100.0%*	*867,726*	—	*100.0%*
Betting Net Win Margin (%)	*8.6%*	—	*100.0%*	*8.3%*	—	*100.0%*
Revenue						
Betting	61,277	—	100.0%	72,401	—	100.0%
Total Revenue	**61,277**	**—**	**100.0%**	**72,401**	**—**	**100.0%**
Gross Profit	**46,799**	**—**	**100.0%**	**54,371**	**—**	**100.0%**
Gross Profit Margin (%)	76.4%	—	100.0%	75.1%	—	100.0%
General and administrative	40,288	—	100.0%	44,562	—	100.0%
Sales and marketing	12,262	—	100.0%	16,472	—	100.0%
Research and development	768	—	100.0%	984	—	100.0%
Operating Loss	**(6,519)**	**—**	**(100.0%)**	**(7,647)**	**—**	**(100.0%)**
Adjusted EBITDA [1]	**13,471**	**—**	**100.0%**	**12,625**	**—**	**100.0%**
Adjusted EBITDA Margin (%) [1]	**22.0%**	**—**	**100.0%**	**17.4%**	**—**	**100.0%**

[1] Non-IFRS measure. For reconciliations of non-IFRS measures to their nearest IFRS measures, see “Reconciliations” below. For other important information on the Corporation’s non-IFRS measures and limitations related to the use of such non-IFRS measures, see the information presented under the heading “Management’s Discussion and Analysis”, “Limitations of Key Metrics, Other Data and Non-IFRS Measures” and “Key Metrics and Non-IFRS Measures” above.

As previously disclosed, in February 2018 the Corporation acquired a majority interest in CrownBet. In April 2018, the Corporation acquired an additional interest in CrownBet and CrownBet acquired William Hill Australia. The Corporation holds an 80% equity interest in CrownBet as at June 30, 2018. Both CrownBet and William Hill Australia operate sportsbooks in Australia. The business environment for this segment is subject to the seasonal variations dictated by the various sports calendars, such as the Australian Football League, and the National Rugby League which will have an effect on its financial performance.

During the quarter ended June 30, 2018, revenues were $61.3 million with gross profit of $46.8 million. Adjusted EBITDA and Adjusted EBITDA Margin for that period were $13.5 million and 22.0%, respectively. During the six months ended June 30, 2018, revenues were $72.4 million with gross profit of $54.4 million. Adjusted EBITDA and Adjusted EBITDA Margin for that period were $12.6 million and 17.4%, respectively.

Corporate Cost Center

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

In thousands of U.S. Dollars (except otherwise noted)	Three Months Ended June 30, 2018	2017	% Change	Six Months Ended June 30, 2018	2017	% Change
Operating expenses	(117,623)	(6,227)	(1788.9%)	(151,571)	(22,982)	(559.5%)
Operating loss	**(117,623)**	**(6,227)**	**(1788.9%)**	**(151,571)**	**(22,982)**	**(559.5%)**
Net financing charges	(160,360)	(39,052)	(310.6%)	(198,710)	(81,497)	(143.8%)
Income tax recovery	3,404	4,018	(15.3%)	2,249	1,330	69.1%
Net Loss	**(274,579)**	**(41,261)**	**(565.5%)**	**(348,032)**	**(103,149)**	**(237.4%)**
Adjusted EBITDA [1]	**(9,518)**	**711**	**(1438.7%)**	**(20,129)**	**(9,846)**	**(104.4%)**

[1] Non-IFRS measure. For reconciliations of non-IFRS measures to their nearest IFRS measures, see "Reconciliations" below. For other important information on the Corporation's non-IFRS measures and limitations related to the use of such non-IFRS measures, see the information presented under the heading "Management's Discussion and Analysis", "Limitations of Key Metrics, Other Data and Non-IFRS Measures" and "Key Metrics and Non-IFRS Measures" above.

Operating Expenses

Operating expenses for the quarter ended June 30, 2018 were $117.6 million, an increase of 1,788.9% compared to $6.2 million for the same period in 2017. General and administrative expenses for the six months ended June 30, 2018 were $151.6 million, an increase of 559.5% compared to $23.0 million for the same period in 2017. The increases for both periods were primarily the result of (i) transaction costs incurred related to the Australian Acquisitions and SBG Acquisition, and (ii) fair value adjustments to a deal-contingent forward contract in relation to the SBG Acquisition.

Net Financing Charges

Net financing charges for the quarter ended June 30, 2018 were $160.4 million, an increase of 310.6% compared to $39.1 million for the same period in 2017. Net financing charges for the six months ended June 30, 2018 were $198.7 million, an increase of 143.8% compared to $81.5 million for the same period in 2017. The increases in both periods were primarily the result of the non-cash loss on extinguishment recorded in respect of the April 2018 Amend and Extend of $125.0 million.

Income Tax Recovery

The Corporation's effective corporate income tax rates for the three and six months ended June 30, 2018 were 2.15% and 2.72%, respectively, as the Corporation primarily operates from the Isle of Man and Malta, which are low tax jurisdictions. In addition to corporate income tax, the Corporation also pays significant amounts of gaming duties, value-added tax, employment-related taxes, withholding taxes and business rate taxes. As a result, the Corporation pays significant tax globally and will continue to incur increased corporate and other taxes as a result of the expansion of its operations following the Australian Acquisitions and the SBG Acquisition.

Corporate Cost Center Adjusted EBITDA

The Corporate cost center's Adjusted EBITDA for the quarter ended June 30, 2018 was $(9.5) million, a decrease of 1,438.7% compared to $0.7 million for the same period in 2017. The Corporate cost center's Adjusted EBITDA for the six months ended June 30, 2018 was $(20.1) million, a decrease of 104.4% compared to $(9.8) million for the same period in 2017. The decrease in both periods was driven primarily by gains recognized on the sale of certain equity investments during the quarter and six months ended June 30, 2017 of $8.0 million and $8.0 million, respectively, as well as due to increased professional services fees incurred in both periods in 2018.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

The Corporation's principal sources of liquidity are its cash generated from operations, long-term debt 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 needs are generally minimal over 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, funds available from the Revolving Facility (as defined and detailed below) 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 activities and other capital expenditures, as well as currently planned acquisitions, 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 in the short- and long-terms in order to maintain the Corporation's capacity to meet its obligations and expected growth or fund development activities, see "Risk Factors and Uncertainties" below and in the 2017 Annual Information Form and "Risk Factors" in the 2018 Prospectus Supplement.

The Corporation believes that it improved its financial condition during the six months ended June 30, 2018 by, among other things, decreasing its leverage ratios and producing strong net cash inflows from operating activities. After giving effect to the completion of the previously announced acquisitions of CrownBet, William Hill Australia and SBG and the SBG Financing, the Corporation intends to improve its financial condition through its strong cash flow generation and liquidity of the combined businesses, including as a result of continuing to introduce new and innovative product offerings and pursuing expansion into new jurisdictions. For additional information regarding the Corporation's repayment of debt, see below under "Long-Term Debt".

For additional information regarding the Corporation's liquidity and capital resources, see the descriptions of the Corporation's debt as set forth below under "Revolving Facility" and "Long-Term Debt" and the notes to the Q2 2018 Financial Statements, as well as the 2017 Annual Information Form and 2018 Prospectus Supplement. See also "Risk Factors and Uncertainties" below and in the 2017 Annual Information Form, particularly under the heading "Risk Factors and Uncertainties—Risks Related to the Corporation's Substantial Indebtedness" and "Risk Factors" in the 2018 Prospectus Supplement.

Market Risk

The Corporation is exposed to market risks, including changes to foreign currency exchange rates and interest rates.

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 the U.S. dollar. In general, the Corporation is a net receiver of currencies other than the U.S. dollar, primarily the Euro, which is the primary depositing currency of the Corporation's customers. Accordingly, changes in exchange rates, and in particular a strengthening of the U.S. dollar, which is the primary currency of game play on the Corporation's product offerings, 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 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. The Corporation uses derivative financial instruments for risk management purposes, not for generating trading profits, 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 $3.1 million and $2.1 million in the three months ended June 30, 2018 and 2017, respectively, and foreign currency losses of $1.6 million and foreign currency gains of $0.3 million in the six months ended June 30, 2018 and 2017, respectively. For additional information on derivatives, see also notes 2 and 21 in the 2017 Annual Financial Statements and note 10 in the Q2 2018 Financial Statements. Management monitors movements in foreign exchange rates by frequently reviewing key currency exposures. The Corporation may in the future enter into additional derivatives or other financial instruments in an attempt to hedge its foreign currency exchange risk.

Interest Rate Risk

The Stars Group's exposure to changes in interest rates (particularly fluctuations in LIBOR and EURIBOR) relates primarily to interest paid on The Stars Group's 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 investments. The Stars Group is also exposed to fair value interest rate risk with respect to its USD First Lien Term Loan (as defined below), which it attempts to mitigate by hedging through the Swap Agreements that fix the interest rate on the same. The Stars Group is also exposed to cash flow interest rate risk on the unhedged elements of the First Lien Term Loans, which bear interest at variable rates.

As of June 30, 2018, the USD First Lien Term Loan has a LIBOR floor of 0% and as such, the interest rate cannot decrease below 3.00%. The EUR First Lien Term Loan (as defined below) has a EURIBOR floor of 0% and as such, the interest rate cannot decrease below 3.25%. Management monitors movements in the interest rates by frequently reviewing the EURIBOR and LIBOR. The effect on earnings before taxes of a 10 basis points strengthening or weakening in the LIBOR and EURIBOR rates would have an annualized impact of $1.2 million.

The Stars Group's cash consists primarily of cash on deposit with banks and its investments consist primarily of certain highly liquid, short-term instruments, including 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 Stars Group'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 The Stars Group sold the investments prior to maturity.

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 the Corporation's banks and other 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.

Existing Revolving Facility

The Corporation obtained a first lien revolving credit facility of $100 million on August 1, 2014 in connection with the Stars Interactive Group Acquisition (the "Existing Revolving Facility"). On April 6, 2018, as part of the April 2018 Amend and Extend, the Corporation increased the Existing Revolving Facility to $225 million and extended the maturity to April 6, 2023. The Existing Revolving Facility can be used to fund working capital needs for general corporate purposes. The interest rate under the Existing Revolving Facility is LIBOR plus 2.75% (and BBR plus 2.75% for borrowings in Australian Dollars). The margin for the Existing Revolving Facility is subject to leverage-based step-downs. The commitment fee on the Existing Revolving Facility varies based on first lien leverage and ranges from 0.250% to 0.375%. Borrowings under the Existing Revolving Facility are subject to the satisfaction of customary conditions, including the absence of a default and compliance with certain representations and warranties. As of June 30, 2018, the Corporation was in compliance with all covenants related to the Existing Revolving Facility. At June 30, 2018, the available balance under the Existing Revolving Facility was $160 million (December 31, 2017 - $70 million). For information about the Corporation's current Revolving Facility, see "Long-Term Debt—SBG Financing—Revolving Facility".

In connection with the previously reported December 23, 2015 Commonwealth of Kentucky trial court order for damages against certain of its subsidiaries, the Corporation filed a notice of appeal to the Kentucky Court of Appeals and posted a $100 million supersedeas bond to stay enforcement of the order for damages during the pendency of the appeals process. In connection with the posting of the bond, the Corporation delivered cash collateral in the amount of $40 million and letters of credit in the aggregate amount of $30 million. As of June 30, 2018, the Corporation had successfully reduced the required cash collateral for the bond from $40 million to $5 million by increasing the letters of credit from $30 million to $65 million; however, the Corporation didn't receive the refund of the $35 million of reduced cash collateral until July 2018.

For additional information on the proceedings in Kentucky, see below under "Legal Proceedings and Regulatory Actions" and the 2017 Annual Reports, including under the heading "Legal Proceedings and Regulatory Actions" in each of the 2017 Annual Information Form and the 2018 Prospectus Supplement, and note 30 of the 2017 Annual Financial Statements.

Long-Term Debt

The following is a summary of long-term debt outstanding as at June 30, 2018 and December 31, 2017 (all capitalized terms used in the table below relating to such long-term debt are defined below):

In thousands of U.S. Dollars	Interest rate	June 30, 2018, Principal outstanding balance in local denominated currency	June 30, 2018 Carrying amount	December 31, 2017, Principal outstanding balance in local denominated currency	December 31, 2017 Carrying amount
Existing USD First Lien Term Loan	5.32%	2,164,575	2,147,096	1,895,654	1,848,397
Existing EUR First Lien Term Loan	3.25%	500,000	579,783	382,222	453,540
USD Second Lien Term Loan	—	—	—	95,000	56,632
Total long-term debt			**2,726,879**		**2,358,569**
Current portion			21,700		4,990
Non-current portion			2,705,179		2,353,579

The increase in outstanding long-term debt from December 31, 2017 to June 30, 2018 was primarily the result of the proceeds from the April 2018 Amend and Extend, partially offset by scheduled quarterly debt principal repayments and the repayment of the entire balance of USD Second Lien Term Loan. For additional information regarding the interest on the Corporation's outstanding long-term debt, including the effective interest rates, see the Q2 2018 Financial Statements. To manage its interest rate exposure on certain of its debt, the Corporation previously entered into the Existing Swap Agreements.

The principal repayments over the next five years of the Corporation's long-term debt outstanding as of June 30, 2018, as adjusted for revised estimates of excess cash flow allocations to the principal repayment of the Existing First Lien Term Loans, amount to the following:

In thousands of U.S. Dollars	1 Year	2 Years	3 Years	4 Years	5 Years thereafter
Existing USD First Lien Term Loan	21,700	21,700	21,700	21,700	2,077,775
Existing EUR First Lien Term Loan	—	—	—	—	584,487
Total	**21,700**	**21,700**	**21,700**	**21,700**	**2,662,262**

Existing First and Second Lien Term Loans

On August 1, 2014, the Corporation completed the Stars Interactive Group Acquisition, which was partly financed through the issuance of long-term debt, allocated into first and second lien term loans, which were refinanced in August 2015 (the "Refinancing"), repriced in March 2017 (the "Repricing") and amended and extended on April 6, 2018 to repay the USD second lien term loan and to complete the previously announced acquisition of an additional 18% equity interest in CrownBet and CrownBet's acquisition of William Hill Australia. See "Overview and Outlook—Recent Corporate and Other Developments" for additional information.

The April 2018 Amend and Extend included, among other things, an increase in the Existing USD First Lien Term Loan and Existing EUR First Lien Term Loan to $2.17 billion and €500 million, respectively, an extension of the respective maturity dates to April 6, 2025, a decrease in pricing by 50 basis points to LIBOR plus 3.00% and EURIBOR plus 3.25%, respectively, and a 0% LIBOR floor on the Existing USD First Lien Term Loan and 0%

EURIBOR floor on the Existing EUR First Lien Term Loan. Starting on the last day of the first fiscal quarter ending after April 6, 2018, the Existing USD First Lien Term Loan requires scheduled quarterly payments in amounts equal to 0.25% of the principal amount following the April 6, 2018 amendment of the Existing USD First Lien Term Loan, with the balance due at maturity. There are no scheduled repayments under the Existing EUR First Lien Term Loan. The Corporation used $95 million of the increased Existing First Lien Term Loans to fully repay the USD Second Lien Term Loan, and used $250 million on April 24, 2018 to complete the previously announced acquisition of an additional 18% equity interest in CrownBet and CrownBet's acquisition of William Hill Australia. The April 2018 Amend and Extend represented an extinguishment of the liability and all unamortized deferred financing costs were recorded through net financing charges.

Giving effect to the above noted Refinancing, Repricing, and the April 2018 Amend and Extend, as at June 30, 2018, the first lien term loans consisted of a $2.17 billion first lien term loan priced at LIBOR plus 3.00% (the "Existing USD First Lien Term Loan") and a €500 million first lien term loan priced at EURIBOR plus 3.25% (the "Existing EUR First Lien Term Loan" and, together with the Existing USD First Lien Term Loan, the "Existing First Lien Term Loans"), each with a maturity date of April 6, 2025 and a floor of 0%. In connection with the April 2018 Amend and Extend, the Corporation fully repaid the second lien term loan which consisted of a $95 million loan priced at LIBOR plus 7.00%, with a 1.00% LIBOR floor and repayable on August 1, 2022 (the "USD Second Lien Term Loan"). As of such date, the Corporation had no further obligations under or with respect to the same.

The agreement for the Existing First Lien Term Loans include certain limitations customary for transactions of this type that limits Stars Group Holdings B.V. and its subsidiaries' ability to, among other things, (i) incur additional debt, (ii) grant additional liens on their assets and equity, (iii) distribute equity interests and/or distribute any assets to third parties, (iv) make certain loans or investments (including acquisitions), (v) consolidate, merge, sell or otherwise dispose of all or substantially all assets, (vi) pay dividends on or make distributions in respect of capital stock or make restricted payments, (vii) enter into certain transactions with affiliates, (viii) change lines of business, and (ix) modify the terms of certain debt or organizational documents, in each case subject to certain exceptions.

The agreement for the Existing First Lien Term Loans also provides for customary mandatory prepayments, including a customary excess cash flow sweep. As of June 30, 2018, the Corporation was in compliance with all covenants related to the Existing First Lien Term Loans.

As described below under "—Market Risk—Interest Rate Risk", the Corporation is exposed to fluctuations in the LIBOR and EURIBOR rates and foreign exchange rates as certain of its indebtedness has variable interest rates and is denominated in a number of different currencies, which could lead to increased interest and foreign exchange charges.

During the year ended December 31, 2015, a subsidiary of the Corporation entered into cross currency interest rate swap agreements (collectively, the "Existing Swap Agreements"), designated and qualifying as cash flow hedges, to manage the interest rate exposure on the Existing USD First Lien Term Loan. Under the Existing Swap Agreements, the subsidiary agreed to exchange a notional principal amount of $2.07 billion of the Existing USD First Lien Term Loan into Euro denominated fixed rate debt in order to fix future interest and principal payments in terms of the Euro, which is the subsidiary's functional currency. In doing so, the Corporation expected to mitigate the impact of changes in interest rates and the impact of foreign currency gains and losses resulting from changes in the U.S. dollar to Euro exchange rate, thereby potentially reducing the uncertainty of future cash flows. As at June 30, 2018, a notional principal amount of $1.04 billion of the Existing USD First Lien Term Loan is covered under the Existing Swap Agreements, and the remaining $1.12 billion Existing USD First Lien Term Loan is exposed to fluctuations in interest rates. As at June 30, 2018, the fair value of the Existing Swap Agreements represented a liability of $61.9 million. As a result of the Existing Swap Agreements, the Corporation had interest savings of $10.2 million during the quarter.

See also "Risk Factors and Uncertainties" below and in the 2017 Annual Information Form, particularly under the heading "Risk Factors and Uncertainties—Risks Related to the Corporation's Substantial Indebtedness", and in the 2018 Prospectus Supplement under the heading "Risk Factors".

During the six months ended June 30, 2018 and during a portion of the year ended December 31, 2017, the Corporation designated a portion of the Existing USD First Lien Term Loan, its entire principal amount of the USD Second Lien Term Loan and its then-outstanding deferred contingent payment (i.e., the deferred purchase price for the Stars Interactive Group Acquisition) as a foreign exchange hedge of its net investment in its foreign operations. Accordingly, the portion of the gains arising from the translation of the USD-denominated liabilities that was determined to be an effective hedge during the period was recognized in the unaudited interim condensed consolidated statements of comprehensive income (loss), counterbalancing a portion of the losses arising from translation of the Corporation's net investment in its foreign operations. During the three and six months ended June 30, 2018, there was no ineffectiveness with respect to the net investment hedge.

For the three and six months ended June 30, 2018, the Corporation recorded an unrealized exchange gain on translation of $44.9 million and $25.0 million, respectively, as compared to a loss of $67.3 million and $92.3 million, respectively for the same periods in 2017, in the cumulative translation adjustment in reserves related to the translation of a portion of the Existing USD First Lien Term Loan, USD Second Lien Term Loan and the above noted contingent consideration.

See note 31 in the 2017 Annual Financial Statements for further information in respect of financial instruments.

SBG Financing

In connection with the SBG Acquisition on July 10, 2018, the Corporation completed the SBG Financing, which included a combination of debt and equity financing. The debt portion of the SBG Financing was comprised of the Revolving Facility, the First Lien Term Loans and the Senior Notes, which are described below. The equity portion of the SBG Financing was comprised of the Equity Offering. See "Overview and Outlook—Recent Corporate and Other Developments—Equity Offering" and note 18 in the Q2 2018 Financial Statements for additional information relating to the Equity Offering.

Revolving Facility

On July 10, 2018, as part of the SBG Financing, the Corporation replaced the Existing Revolving Facility with a new first lien revolving facility of $700 million (the "Revolving Facility"). Maturing on July 10, 2023, the Revolving Facility has an interest rate of LIBOR plus 3.25% (and EURIBOR or BBR plus 3.25% for borrowings in Euros and Australian Dollars, respectively). 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. The Revolving Facility requires, subject to a testing threshold, that the Corporation 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 of the date hereof, the Corporation has drawn $100 million under the Revolving Facility and had $74 million of letters of credit issued but undrawn thereunder. Availability under the Revolving Facility as of the date hereof is $526 million.

First Lien Term Loans

As previously disclosed, on July 10, 2018, the Corporation completed the SBG Financing, which replaced, among other things, the Existing USD First Lien Term Loans and Existing EUR First Lien Term Loans with new USD first lien term loans of $3.575 billion priced at LIBOR plus 3.50% (the "USD First Lien Term Loan") and new EUR first lien term loans of €850 million priced at EURIBOR plus 3.75% (the "EUR First Lien Term Loan" and, together with the USD First Lien Term Loan, the "First Lien Term Loans"), each with a maturity date of July 10, 2025 and a floor of 0%. Starting on the last day of the first fiscal quarter ending after July 10, 2018, the USD First Lien Term Loan requires scheduled quarterly payments in amounts equal to 0.25% of the aggregate principal amount of the USD First Lien Term Loan, with the balance due at maturity. There is no amortization on the EUR First Lien Term Loan.

On July 10, 2018, the Corporation, lenders and Deutsche Bank AG New York Brank, as agent, and certain other parties entered into a new credit agreement (the "Credit Agreement") for the First Lien Term Loans and the Revolving Facility to, among other things, reflect the foregoing transactions and continue to add certain operational and financial flexibility, particularly as it relates to the Corporation on a combined basis following the acquisition of SBG.

Consistent with the credit agreement for the Existing First Lien Term Loans, the Credit Agreement entered into in connection with the SBG Financing limits Stars Group Holdings B.V. and its subsidiaries' ability to, among other things, (i) incur additional debt, (ii) grant additional liens on their assets and equity, (iii) distribute equity interests and/or distribute any assets to third parties, (iv) make certain loans or investments (including acquisitions), (v) consolidate, merge, sell or otherwise dispose of all or substantially all assets, (vi) pay dividends on or make distributions in respect of capital stock or make restricted payments, (vii) enter into certain transactions with affiliates,

(viii) change lines of business, and (ix) modify the terms of certain debt or organizational documents, in each case subject to certain exceptions.

Consistent with the credit agreement for the Existing First Lien Term Loans, the Credit Agreement entered into in connection with the SBG Financing also provides for customary mandatory prepayments, including a customary excess cash flow sweep.

At the completion of the SBG Financing, the Existing Swap Agreements were retained by the Corporation. Subsequently, in July 2018, the Corporation entered into new cross currency interest rate swap agreements to manage foreign exchange risk and interest rate exposure under the Credit Agreement (the “New Swap Agreements” and together with the Existing Swap Agreements, the “Swap Agreements”). At the time of entering into the New Swap Agreements, the Corporation unwound and settled the Existing Swap Agreements for a cash amount of $58.5 million.

7.00% Senior Notes

As previously disclosed, 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 (the “Senior Notes”) on July 10, 2018 at par in an aggregate principle 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, commencing on January 15, 2019. 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.

Upon certain events constituting a change of control under the indenture governing the Senior Notes (the “Indenture”), the holders of the Senior Notes have the right to require Stars Group Holdings B.V. to offer to repurchase the Senior Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, to (but not including) the date of purchase.

Prior to July 15, 2021, the Issuers may redeem some or all of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date, plus an applicable ‘‘make-whole’’ premium. On or after July 15, 2021, the Issuers may redeem some or all of the Senior Notes at the redemption prices set forth in the Indenture.

The Senior Notes include, among other terms and conditions, limitations on the Issuers’ ability to create, incur or allow certain liens; create, assume, incur or guarantee additional indebtedness of certain of the Issuers’ subsidiaries; and consolidate or merge with, or convey, transfer or lease all or substantially all of the Issuers’ and their subsidiaries’ assets, to another person.

As of the date hereof, the aggregate principal amount of outstanding Senior Notes is $1.00 billion.

RECONCILIATIONS

To supplement its Q2 2018 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. The tables below present reconciliations of Adjusted EBITDA, Adjusted Net Earnings and Adjusted Net Earnings per Diluted 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) and Other revenues are set forth in “Segment Results of Operations—International” above.

Adjusted EBITDA

In thousands of U.S. Dollars (except per share amounts)	Three Months Ended June 30, 2018 International	Australia	Corporate	Consolidated
Net earnings (loss)	126,274	(6,519)	(274,579)	(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)	125,206	(6,519)	(117,623)	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 and associates	(270)	5	—	(265)
Impairment of intangibles assets and assets held for sale	958	—	—	958
Other costs	2,436	11,397	9,203	23,036
Total adjusting items	**3,124**	**11,402**	**108,095**	**122,621**
Adjusted EBITDA	**164,317**	**13,471**	**(9,518)**	**168,270**

In thousands of U.S. Dollars (except per share amounts)	Six Months Ended June 30, 2018 International	Australia	Corporate	Consolidated
Net earnings (loss)	275,216	(7,647)	(348,032)	(80,463)
Income tax recovery	—	—	2,249	2,249
Net financing charges	—	—	(198,710)	(198,710)
Net earnings from associates	1,068	—	—	1,068
Operating income (loss)	274,148	(7,647)	(151,571)	114,930
Depreciation and amortization	73,956	9,868	19	83,843
Add (deduct) the impact of the following:				
Acquisition-related costs and deal contingent forwards	—	—	110,818	110,818
Stock based compensation	—	—	5,649	5,649
Loss from investments and associates	247	—	—	247
Impairment of intangibles assets and assets held for sale	1,074	—	—	1,074
Other costs	1,371	10,404	14,956	26,731
Total adjusting items	**2,692**	**10,404**	**131,423**	**144,519**
Adjusted EBITDA	**350,796**	**12,625**	**(20,129)**	**343,292**

In thousands of U.S. Dollars (except per share amounts)	Three Months Ended June 30, 2017 International	Australia	Corporate	Consolidated
Net earnings (loss)	111,744	—	(41,261)	70,483
Income tax recovery	—	—	4,018	4,018
Net financing charges	—	—	(39,052)	(39,052)
Operating income (loss)	111,744	—	(6,227)	105,517
Depreciation and amortization	36,530	—	70	36,600
Add (deduct) the impact of the following:				
Stock based compensation	—	—	2,452	2,452
(Gain) loss from investments	(8,452)	—	12,944	4,492
Reversal of impairment of intangibles assets and assets held for sale	(629)	—	—	(629)
Other costs (income)	6,635	—	(8,528)	(1,893)
Total adjusting items	**(2,446)**	**—**	**6,868**	**4,422**
Adjusted EBITDA	**145,828**	**—**	**711**	**146,539**

In thousands of U.S. Dollars (except per share amounts)	Six Months Ended June 30, 2017 International	Australia	Corporate	Consolidated
Net earnings (loss)	239,385	—	(103,149)	136,236
Income tax recovery	—	—	1,330	1,330
Net financing charges	—	—	(81,497)	(81,497)
Operating income (loss)	239,385	—	(22,982)	216,403
Depreciation and amortization	72,188	—	147	72,335
Add (deduct) the impact of the following:				
Stock based compensation	—	—	4,616	4,616
(Gain) loss from investments	(8,572)	—	13,217	4,645
Reversal of impairment of intangibles assets and assets held for sale	(5,043)	—	(2,268)	(7,311)
Other costs (income)	9,428	—	(2,576)	6,852
Total adjusting items	**(4,187)**	**—**	**12,989**	**8,802**
Adjusted EBITDA	**307,386**	**—**	**(9,846)**	**297,540**

Adjusted Net Earnings and Adjusted Diluted Earnings per Share

In thousands of U.S. Dollars (except per share amounts)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net (loss) earnings	**(154,824)**	**70,483**	**(80,463)**	**136,236**
Add (deduct) the impact of the following:				
Interest accretion	12,726	12,147	24,777	24,940
Loss on debt extinguishment	124,976	—	124,976	—
Acquisition-related costs and deal contingent forwards	95,627	—	110,818	—
Amortization of acquisition intangibles	31,482	31,075	62,858	62,150
Deferred income tax recovery	(4,890)	(4,098)	(5,814)	(4,732)
Stock based compensation	3,265	2,452	5,649	4,616
(Gain) loss from investments and associates	(1,333)	4,491	(821)	4,645
Impairment (reversal of impairment) of intangibles assets and assets held for sale	958	(629)	1,074	(7,311)
Other costs (income)	23,036	(1,893)	26,731	6,852
Adjusted net earnings	**131,023**	**114,028**	**269,785**	**227,396**
Adjusted net earnings attributable to				
Shareholders of The Stars Group Inc.	129,237	114,028	269,469	227,396
Non-controlling interest	1,786	—	316	—
Weighted average diluted number of shares	215,380,175	203,467,303	212,449,078	201,969,186
Adjusted Diluted Net Earnings per Share attributable to Shareholders of The Stars Group Inc	0.60	0.56	1.27	1.13

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

In thousands of U.S. Dollars	Three Months Ended June 30, 2018 $000's	Three Months Ended June 30, 2017 $000's	Six Months Ended June 30, 2018 $000's	Six Months Ended June 30, 2017 $000's
Integration costs	11,467	—	11,467	—
Financial expenses (income)	4,370	(6,622)	2,049	(9,066)
Termination of employment agreements	1,387	682	2,058	2,808
AMF and other investigation professional fees	2,875	2,764	4,659	5,153
Lobbying (US and Non-US) and other legal expenses	2,665	4,598	5,658	9,318
Non-recurring professional fees	102	842	553	1,504
Retention bonuses	117	615	234	1,230
Loss on disposal of assets	41	202	41	261
Austria gaming duty	—	(5,000)	—	(5,000)
Termination of affiliate agreements	—	—	—	407
Other	12	26	12	237
Other costs	**23,036**	**(1,893)**	**26,731**	**6,852**

Free Cash Flow

In thousands of U.S. Dollars	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net cash inflows from operating activities	164,011	130,426	296,080	225,973
Customer deposit liability movement	(14,090)	9,053	(13,901)	25,282
	149,921	139,479	282,179	251,255
Capital Expenditure:				
Additions to deferred development costs	(9,759)	(6,013)	(16,190)	(10,426)
Additions to property and equipment	(5,676)	(1,398)	(9,261)	(2,254)
Additions to intangible assets	(9,415)	(212)	(11,842)	(919)
Interest paid	(34,790)	(31,017)	(66,278)	(65,064)
Debt principal repayments	(5,425)	(5,982)	(11,493)	(12,870)
Free Cash Flow	84,856	94,857	167,115	159,722

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, 2016**	**Dec. 31, 2016**	**Mar. 31, 2017**	**Jun. 30, 2017**	**Sept. 30, 2017**	**Dec. 31, 2017**	**Mar. 31, 2018**	**Jun. 30, 2018**
Revenue	270,681	310,286	317,320	305,305	329,443	360,247	392,891	411,512
Gross Profit	220,650	254,045	254,859	252,637	266,966	290,355	312,627	327,875
Operating Income	55,633	86,420	110,886	105,517	116,156	114,835	113,866	1,064
Net Earnings (Loss)	12,523	45,039	65,753	70,483	75,874	47,175	74,361	(154,824)
Basic Net Earnings (Loss) per Common Share	$ 0.09	$ 0.31	$ 0.45	$ 0.48	$ 0.52	$ 0.32	$ 0.51	$ (1.01)
Diluted Net Earnings (Loss) per Common Share	$ 0.06	$ 0.23	$ 0.33	$ 0.35	$ 0.37	$ 0.23	$ 0.36	$ (1.01)

The year-over-year consolidated revenue increases since the third quarter of 2017 as compared to the prior year periods were primarily attributable to Gaming and Betting revenues in what is now the International segment resulting from the continued rollout of casino and sports betting product offerings and the expansion of the geographical reach of such product offerings into eligible markets, in addition to the positive impact on poker revenues from the introduction of the *Stars Rewards* program. Quarterly consolidated revenues in 2018 were also positively impacted by the Australian Acquisitions.

For a discussion of results, trends and variances, including the impact of foreign currency fluctuations, over the three and six months ended June 30, 2018 and 2017, see "Consolidated Results of Operations and Cash Flows", "Segment Results of Operations", and "Liquidity and Capital Resources" contained in this MD&A.

Given the nature of the Corporation's business, including, without limitation, the extent of certain non-recurring and other costs, instead of evaluating IFRS net earnings alone, the Corporation also analyzes Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Earnings, Adjusted Net Diluted Earnings per Share and Free Cash Flows to evaluate operating results and for financial and operational decision-making purposes. The Corporation believes that these measures provide useful information about its operating results and enhances the overall understanding of its past performance and future prospects, as well as its performance against peers and competitors. See "Consolidated Results of Operations and Cash Flows", "Segment Results of Operations", and "Reconciliations" above.

The Corporation's results of operations can fluctuate due to seasonal trends and other factors. Historically, given the geographies where the majority of the Corporation's customers are located, and the related climate and weather in such geographies, among other things, revenues from operations, key metrics and customer activity have been generally higher in the first and fourth fiscal quarters than in the second and third fiscal quarters. The Betting operations of the Corporation are also subject to the seasonal variations dictated by the various sports calendars, which will have an effect on its financial performance. A significant proportion of the Corporation's current and future 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 respective revenues. The Corporation's ability to generate revenues is also affected by the scheduling of major sporting events that do not occur annually, such as the World Cup, UEFA European Championships, and the Rugby World Cup. In addition, the ability to generate revenue will be dependent on the progression and results of certain teams within specific tournaments and the failure of such team to progress, or adverse results of such teams, may have adverse consequences on the financial performance of the Corporation. Additionally, with respect to online Betting, revenues from that line of operation generally fluctuate in line with Betting Net Revenue Margin. However, the impact on revenues may be mitigated by the positive or negative impact of Betting Net Revenue 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 thereby resulting in lower customer wagering volumes on Betting or other gaming verticals. Conversely, while periods of low Betting Net Win Margin tend to negatively impact revenues, this may be partially mitigated by increased customer wagering volume (generally referred to as recycling of winnings) due to the positive impact of customer-friendly results on customer experience, enjoyment and engagement. Further, changes to the Corporation’s *Stars Rewards* loyalty program 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, without limitation, market risks, such as foreign exchange risks, see “Overview and Outlook” above, and “Risk Factors and Uncertainties” below, and the 2017 Annual Information Form, including, without limitation, under the headings “Risk Factors and Uncertainties” and “Business of the Corporation—Seasonality and Other Factors Impacting the Business” therein, and the 2018 Prospectus Supplement, including, without limitation, under the heading “Risk Factors” and “Business of The Stars Group—Seasonality and Other Factors Impacting the Business”.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For a description of the Corporation’s significant accounting policies, critical accounting estimates and judgments, and related information, see notes 2 and 3 to the Q2 2018 Financial Statements and 2017 Annual Financial Statements. Other than as set forth below, there have been no changes to the Corporation’s significant accounting policies or critical accounting estimates or judgments during the three and six months ended June 30, 2018.

Sources of estimation uncertainty

Valuation of acquired intangible assets

Acquisitions may result in the recognition of certain intangible assets including but not limited to, software technology, customer relationships, and brands. These are valued using various valuation methodologies, such as market, income and cost methods. In applying these methodologies, certain key judgments and assumptions are made by management. Such key judgments and estimates made by management in connection with the valuation of acquired intangible assets relating to the Australian Acquisitions, included:

(i) Discount rates –The Corporation used discount rates ranging from 8% to 10%.

(ii) Attrition rates – The Corporation valued certain intangibles using estimated attrition rates from 5% to 10%.

(iii) Estimating future cash flows –The Corporation considered historical performance and industry assessments among other sources in the estimation of the cash flows, where significant estimation uncertainty exists with respect to forecasting, and growth assumptions used in the valuation of intangibles.

These judgments and estimates are highly subjective and the ability to realize the future cash flows used in fair value calculations may be affected by changes in economic conditions, economic performance or business strategies. For further information regarding the valuation of acquired intangible assets, see note 14.

Valuation of contingent payment in connection with the acquisition of non-controlling interest in CrownBet

As part of the incremental acquisition of an 18% equity interest in CrownBet, CrownBet's management team will be entitled to an additional payment of up to approximately $182 million in 2020, subject to certain performance conditions, and payable in cash and/or additional Common Shares at The Stars Group's discretion. The Corporation considered this additional payment to be contingent consideration and accounted for it as part of the purchase price related to the acquisition of the 18% of the equity interests in CrownBet. In valuing the contingent consideration as at the acquisition date and at period end, the Corporation used a discount rate of 8% based on the term of the contingent consideration period and a volatility of 25% - 30% based on historical performance and market indicators.

Critical accounting judgments

Acquisition of CrownBet – Control assessment

As previously reported, the Corporation acquired a 62% equity interest in CrownBet on February 27, 2018, and a further 18% equity interest on April 24, 2018. As is typical, the shareholders agreement entered into entered into with the minority shareholders of CrownBet in connection with the Australian Acquisitions includes a number of rights and protections for the minority shareholders in certain circumstances that are directly harmful to the minority, including as it relates to significant changes to business scope, material acquisitions or financing. The Corporation concluded that such minority shareholder rights are protective rights and that the Corporation has control in accordance with *IFRS 3, Business Combinations*.

Debt extinguishment

As discussed in note 9, the Corporation amended its long-term debt in connection with the Australian Acquisitions (the April 2018 Amend and Extend) and recorded the amendment as an extinguishment for accounting purposes as the debt was repayable at par. Management applied judgment in making this determination as the Corporation concluded that any associated termination costs were not significant.

RECENT ACCOUNTING PRONOUNCEMENTS

New Significant Accounting Policies Adopted

IFRS 9, Financial Instruments

The Corporation has applied IFRS 9, Financial Instruments retrospectively from January 1, 2018. In accordance with the practical expedients permitted under the standard, comparative information for 2017 has not been restated.

For further information regarding the impact of IFRS 9, see note 16 in the Q2 2018 Financial Statements.

Financial Assets

Financial assets are initially recognized at fair value and from January 1, 2018 are classified into one of the following measurement categories:

- Those to be measured subsequently at fair value, either through profit or loss or other comprehensive income; or
- Those to be measured at amortized cost.

The classification depends on the Corporation's business model for managing the financial assets and the contractual terms of the cash flows. Except in very limited circumstances, the classification may not be changed subsequent to initial recognition. The Corporation only reclassifies debt instruments when its business model for managing those assets changes.

For assets measured at fair value, gains and losses are recorded in profit or loss or other comprehensive income. For investments in debt instruments, the classification depends on the business model and the contractual terms of the respective cash flows for which the investment is held. For investments in equity instruments that are not held for trading, the classification depends on whether the Corporation has made an irrevocable election at the time of initial recognition to account for the equity instruments at fair value through other comprehensive income.

At initial recognition, the Corporation measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Corporation's business model for managing the asset and the cash flow characteristics of that asset. There are three measurement categories into which the Corporation classifies its debt instruments:

- Amortized cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is recognized using the effective interest rate method.

- Fair value through other comprehensive income ("FVOCI"): assets that are held for collection of contractual cash flows and for sale, where the cash flows represent solely payments of principal and interest are measured at FVOCI. Movements in the carrying amount are recorded in other comprehensive income, with impairment gains or losses, interest revenue and foreign exchange gains and losses recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is recognized using the effective interest rate method.

- Fair value through profit or loss ("FVTPL"): assets that do not meet the criteria for classification as amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the unaudited interim condensed consolidated statements of earnings.

Equity instruments

The Corporation subsequently measures all equity instruments at fair value. Where the Corporation's management elects to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of those instruments. Dividends from such instruments continue to be recognized in profit or loss when the Corporation's right to receive payment is established.

Changes in the fair value of financial assets at FVTPL are recognized in the unaudited interim condensed consolidated statements of earnings.

Impairment

At the end of each reporting period, the Corporation assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Corporation applies the simplified approach permitted by IFRS 9 for trade receivables and other financial assets held at amortized cost, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The impairment provision recorded in respect of debt instruments carried at FVOCI is determined at 12-months expected credit losses on the basis that the Corporation considers these instruments as low risk.

The forward-looking element is derived from comparison of current and projected macro-economic indicators covering primary markets in which the Corporation operates.

Financial Liabilities

Debt modification

The Corporation may pursue amendments to its credit agreements based on, among other things, prevailing market conditions. Such amendments, when completed, are considered by the Corporation to be debt modifications. The accounting treatment of debt modifications is contingent upon whether the modified terms are substantially different than the previous terms. The terms of an amended debt agreement are considered substantially different when the discounted present value of the cash flows under the new terms, discounted using the original effective interest rate, are at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is considered substantially different, the transaction is accounted for as an extinguishment of the original debt instrument, which is derecognized and replaced by the amended debt instrument, with any costs or fees incurred on the original debt instrument recognized as part of the gain or loss on extinguishment. If the modification is not considered substantially different, an adjustment to the carrying amount of the original debt instrument is recorded, which is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Derivatives

The Corporation uses derivative instruments for risk management purposes and does not use derivative instruments for speculative trading purposes. All derivatives are recorded at fair value in the unaudited interim condensed consolidated statements of financial position. For derivatives not designated as hedging instruments, the re-measurement of those derivatives each period is recognized in the unaudited interim condensed consolidated statements of earnings.

Derivatives are measured at fair value using pricing and valuation models whenever possible, including market-based inputs to models, broker or dealer quotations or alternative pricing sources.

As permitted by IFRS 9, the Corporation has elected to continue to apply the hedge accounting requirements of IAS 39 rather than the new requirements of IFRS 9.

IFRS 15, Revenues from Contracts with Customers

The Corporation has applied IFRS 15, Revenues from Contracts with Customers from January 1, 2018. As permitted, the Corporation has applied the standard using the modified retrospective approach, whereby the cumulative impact of adoption is recognized in opening retained earnings. Comparative information for 2017 has not been restated.

The adoption of IFRS 15 did not have a material impact on the timing and amount of revenue recognized by the Corporation.

For further information regarding the impact of IFRS 15, see note 16 in the Q2 2018 Financial Statements.

New Accounting Pronouncements – Not Yet Effective

For a list of the new and revised accounting standards under IFRS that the Corporation has not yet applied, see the 2017 Annual Financial Statements. Subject to full analysis the Corporation does not currently expect that the adoption of such new and revised standards will have a material impact on the financial statements of The Stars Group in future periods, except as noted below:

IFRS 16, Leases

In 2016 the IASB issued IFRS 16 to replace IAS 17, *Leases*, effective January 1, 2019. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

The Corporation intends to adopt IFRS 16 from its effective date of January 1, 2019. The Corporation is currently evaluating the impact of this standard and does not anticipate applying it prior to its effective date.

OFF BALANCE SHEET ARRANGEMENTS

As at June 30, 2018, 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, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

OUTSTANDING SHARE DATA

	As at August 10, 2018
Common Shares issued and outstanding	271,989,192
Common Shares issuable upon exercise of options	4,939,274
Common Shares issuable upon settlement of other equity-based awards	975,489
Total Common Shares on a fully-diluted basis	**277,903,955**

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, 2018. For additional information regarding the Corporation's material legal proceedings and regulatory actions, see the 2017 Annual Reports, particularly under the heading "Legal Proceedings and Regulatory Actions" in each of the 2017 Annual Information Form and the 2018 Prospectus Supplement, and note 30 to the 2017 Annual Financial Statements.

Kentucky Proceeding

For information regarding the previously reported proceeding in Kentucky, see above under "Liquidity and Capital Resources—Credit Facility", each of the 2017 Annual Information Form and the 2018 Prospectus Supplement, including under the heading "Legal Proceedings and Regulatory Actions" therein, and note 30 to the 2017 Annual Financial Statements.

The AMF Investigation and Related Matters

For information regarding the previously reported AMF investigation and related matters, see below and the 2017 Annual Information Form, including under the headings "Legal Proceedings and Regulatory Actions—AMF Investigation and Related Matters", and under "Risk Factors and Uncertainties—The Corporation 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, prospectus, operating results and financial condition" and the 2018 Prospectus Supplement, including under the headings "Legal Proceedings and Regulatory Actions—AMF Investigation and Related Matters", and under "Risk Factors".

On June 6, 2018, the Court of Quebec (criminal and penal division) ordered a permanent stay of these charges. The AMF did not appeal the decision of the Court of Quebec.

Foreign Payments Matter

As previously disclosed, during its internal investigation with respect to the AMF matters, the Board became aware in 2016 of certain information which led it to undertake a review of whether the Corporation or any of its subsidiaries or personnel had made improper payments, directly or through external consultants, to governmental officials in certain jurisdictions outside of Canada and the United States. The information which came to light as a result of the investigation into the AMF matters related to some of the Corporation's historic business activities that primarily occurred prior to the Stars Interactive Group Acquisition.

The Board, with the involvement of external counsel, is continuing to review these matters. This review includes reviewing historic and current operations, reviewing the Corporation's use of external consultants in foreign markets, and revising internal policies and procedures. As previously disclosed, as a result of this review, the Corporation voluntarily contacted the Royal Canadian Mounted Police ("RCMP") in Canada and the Department of Justice and Securities Exchange Commission in the United States in 2016. These authorities are investigating these matters and the Corporation continues to cooperate with the same, including, without limitation, by cooperating with the RCMP regarding matters related to the search warrant previously executed at the Corporation's former Pointe-Claire, Quebec office, responding to information requests, and voluntarily providing records and information. As a result of this continuing review, additional information could become known in the future.

Class Actions

U.S. Class Action

For information regarding the previously reported class action lawsuits, see the 2017 Annual Information Form and 2018 Prospectus Supplement. On June 22, 2018, the parties entered into a memorandum of understanding regarding a settlement for an amount that will be funded entirely by the Corporation's insurance carrier. On August 3, 2018, the parties filed a stipulation of settlement with the court. The settlement is subject to final documentation and court approval.

Quebec Class Action

For information regarding the previously reported Quebec class action lawsuit, see the 2017 Annual Information Form and the 2018 Prospectus Supplement.

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, see "Overview and Outlook—Recent Corporate and Other Developments—Mandatory Conversion of Preferred Shares".

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.

During the second quarter of 2018, following the adoption of *IFRS 9, "Financial Instruments"*, management identified deficiencies relating to the design of controls over the Corporation's accounting for debt and related disclosures. After evaluating these deficiencies, management concluded that there was a material weakness in ICFR and corresponding DC&P relating to the same. The material weakness is primarily a result of deficiencies in control design over a complex model that was previously developed to support the underlying accounting for debt. This also impacted the effectiveness of the review performed of such information. Specifically, adequate controls were not in place to properly control the validation, access, updating, maintenance, and monitoring of outputs of and from such model.

Management has a remediation plan to address the material weakness in the Corporation's ICFR. In the second quarter, management took steps to remediate this material weakness by designing and implementing a new model to determine the accounting for debt and related items, as well as implementing controls over the validation, access, updating, maintenance, and monitoring of outputs of and from the model to enhance the reliability of the data and outputs from such model. Management is also in the process of further enhancing its management review controls related to the accounting for debt and related balances. Management currently expects that the successful testing of these measures will allow it to conclude that the Corporation's ICFR relating to debt and related disclosures are effective when assessing their effectiveness as at the end of the fourth quarter of 2018.

Management is dedicated to remediating the material weakness in the Corporation's ICFR and in identifying and remediating internal control risks that could be material in the future, and it believes the foregoing efforts will effectively remediate the material weakness. As the Corporation implements these remediation efforts and continues to evaluate and work to improve its ICFR, management may determine that additional steps or measures may be necessary to address and remediate the material weakness or determine to modify the remediation efforts described above. The Corporation cannot assure you that these remediation efforts will be successful or that its ICFR will be effective in accomplishing all control objectives all of the time. If not remediated effectively, the material weaknesses in such ICFR may impact the accuracy and completeness of the Corporation's financial statements.

The Corporation is committed to maintaining a strong control environment and continuously monitors and assesses the same, including its DC&P and ICFR, in an effort to achieve this goal. As such, management will continue to assess the effectiveness of the foregoing remediation efforts in connection with its evaluations of ICFR.

Changes to Internal Control Over Financial Reporting

Other than as described above, there has been no change in the Corporation's ICFR that occurred during the three months ended June 30, 2018 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 Corporation's Business—If the Corporation's internal controls are ineffective, its operating results and market confidence in its reported financial information could be adversely affected" in the 2017 Annual Information Form and "Risk Factors—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 Prospectus Supplement.

For the three and six months ended June 30, 2018, the Corporation limited its design of DC&P and ICFR to exclude controls, polices and procedures of CrownBet and William Hill Australia, which are businesses that a subsidiary of the Corporation acquired an equity controlling interest in not more than 365 days before the end of the second quarter of 2018. See "Overview and Outlook—Recent Corporate and Other Developments" for additional information. Revenues, net loss, total assets and total liabilities that are included in the Corporation's unaudited interim consolidated financial statements but were excluded from management's assessment represent 14.9%, 4.0%, 8.7%% and 15.9% respectively, of the unaudited interim consolidated financial statement amounts as of and for the three months ended June 30, 2018 and 9.0%, and 8.5%, of the revenues and net loss of the unaudited interim consolidated financial statement amounts for the six months ended June 30, 2018.

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 2018 Financial Statements, the 2017 Annual Reports, particularly under the heading "Risk Factors and Uncertainties" in the 2017 Annual Information Form, the 2018 Prospectus Supplement, particularly under the heading "Risk Factors", 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 (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.

FURTHER INFORMATION

Additional information relating to The Stars Group and its business, including, without limitation, the Q2 2018 Financial Statements, the 2017 Annual Reports, the 2018 Prospectus Supplement 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 13, 2018

(Signed) *"Brian Kyle"*

Brian Kyle
Chief Financial Officer

THE STARS GROUP

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, 2018***.

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:*** The issuer has disclosed in its interim MD&A for each material weakness relating to design existing at the end of the interim period

   (a) a description of the material weakness;

(b) the impact of the material weakness on the issuer's financial reporting and its ICFR; and

(c) the issuer's current plans, if any, or any actions already undertaken, for remediating the material weakness.

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, 2018*** and ended on ***June 30, 2018*** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 13, 2018

/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, 2018***.

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:*** The issuer has disclosed in its interim MD&A for each material weakness relating to design existing at the end of the interim period

   (a) a description of the material weakness;

(b) the impact of the material weakness on the issuer's financial reporting and its ICFR; and

(c) the issuer's current plans, if any, or any actions already undertaken, for remediating the material weakness.

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, 2018*** and ended on ***June 30, 2018*** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 13, 2018

/s/ Brian Kyle
Brian Kyle
Chief Financial Officer

CODE OF BUSINESS CONDUCT

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CODE OF BUSINESS CONDUCT

INTRODUCTION

Every employee, officer and director of The Stars Group Inc. and its subsidiaries (collectively, the "**Company**" or "**TSG Group**") occupies a position of trust. Such individuals, as well as certain contractors and agents, represent the Company in its relations with others. All Company representatives are expected to act honestly, ethically, with integrity and in compliance with applicable laws and regulations.

This Code of Business Conduct (this "**Code**") was adopted by the board of directors of The Stars Group Inc. (the "**Board**") as a guide that is intended, among other things, to sensitize such individuals to significant legal and ethical issues that arise frequently and to the mechanisms available to report illegal or unethical conduct, and provide assurance that reporting of questionable behavior is protected and encouraged. It does not purport to address every legal or ethical issue that may be encountered. Moreover, the applicable laws of some jurisdictions where the Company conducts business may impose additional or higher standards than are specifically set forth in this Code, in which case such additional or higher standards should be complied with.

Compliance with this Code is mandatory for all employees, officers and directors of the Company unless such person is subject to a code of a TSG Group subsidiary that has been approved and adopted, as applicable, by the relevant board, members of management and/or legal department. Certain contractors, agents and other representatives of the Company may also be required to comply with this Code. Conduct that violates this Code may violate applicable laws and subject both the Company and its employees, officers and directors to prosecution and legal sanctions. The Company may discipline those who violate this Code, up to and including discharge from office or termination of employment or engagement with the Company.

TSG Group entities have other written policies, procedures, codes, rules and standards of performance (all of which continue in force) and may create new policies, procedures, codes, rules and standards in the future. This Code supplements, but does not replace such other policies, procedures, codes, rules and standards of performance. In the event of a conflict or inconsistency between this Code and any other written policies, procedures, codes, rules or standards of performance of any TSG Group entity, this Code shall prevail unless the conflicting or inconsistent policy, procedure, code, rule or standard of performance (i) imposes an additional and/or higher obligation or standard, in which case the conflicting or inconsistent policy, procedure, code, rule or standard of performance shall control or (ii) is an approved code of a TSG Group subsidiary, in which case such code shall apply.

Employees, officers or directors with questions about this Code or any policies, rules and employee performance standards should consult their supervisor (if applicable), any member of management or the Legal Department. Any employee, officer or director who is concerned about conduct that they believe may violate this Code, such policies, rules and employee performance standards or applicable law, should consult with their supervisor (if applicable), any member of management or the Legal Department. Procedures for reporting suspected violations of this Code, including the submission of anonymous reports to the Board and via the Whistleblower Hotline, are set out under "Compliance" below.

NO RETALIATION

The Company will not permit any form of retaliation (including discharge, demotion, suspension, threats, harassment or any other form of discrimination) against an employee who has truthfully and in good faith:

(a) reported violations of this Code;

(b) lawfully sought advice about providing information, expressed an intention to provide information or provided information or assistance regarding any conduct which the employee reasonably believes constitutes a criminal offense or other violation of law;

(c) cooperated, filed, caused to be filed, testified, participated in or otherwise assisted in, or expressed an intention to do any of the foregoing, in an investigation or proceeding related to a criminal offense or other violation of law; or

(d) provided a law enforcement officer with truthful information regarding the commission or possible commission of a criminal offence or other violation of law, unless the individual reporting is one of the violators.

Any retaliation against an employee who has truthfully and in good faith done any of the foregoing in accordance with this Code will result in discipline, up to and including dismissal. See also applicable TSG Group entity policies related to whistleblowing.

CONFLICT OF INTEREST AND DISCLOSURE ISSUES

Conflicts of Interest

Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises and to refrain from activities which could hinder their ability to act in the Company's best interest or have the potential or could be perceived as doing so, including to avoid all situations in which their personal interests conflict, might conflict or could be perceived to conflict with their duties to the Company. In particular, employees, officers and directors should seek to avoid acquiring any interests or participating in any activities that would tend to:

(a) deprive the Company of the time or attention required to perform their duties properly; or

(b) create an obligation or distraction which would affect their judgement or ability to act solely in the Company's best interest.

In addition, directors and officers are required under applicable corporate law and the Company's Corporate Governance Guidelines to disclose any interest in and refrain from voting on any material contracts or transactions relating to the Company in which they are a party or have a material interest. The Legal Department must be contacted in advance to co-ordinate the approval of such material contracts or transactions.

See also applicable TSG Group entity policies related to conflicts of interest.

Outside Employment and Business Activities

Employees may take on employment and engage in or otherwise invest in business ventures, partnerships or enterprises, but only outside their working hours and with the approval of their supervisor or other management approval. However, employees must avoid outside employment, businesses and other activities which would impair their effective performance as a Company employee, which could have an adverse impact on the business or reputation of the Company or which might create or appear to create a conflict with the best interests of the Company.

For these reasons, it is important for there to be current and complete disclosure of any such outside employment or business ventures, partnerships or enterprises that any employee, officer or director may have. Such disclosure should be made promptly to a supervisor (if applicable), any member of management or to the Legal Department and should also be listed in any acknowledgement of this Code requested by the Company. See also “Personal Gain”, “Company Confidential Information”, “Intellectual Property”, “Use of Company Assets” and “Use of Technology” below.

Community Activities

Employees, officers and directors may, and are encouraged to, engage in community and volunteer work and activities outside their working hours, and to uphold a commitment to community in all their activities. Requests for donation or sponsorship by the Company or from Company assets, including employee work time, must be made only in accordance with the Company’s applicable established policies, procedures, codes, rules and standards and within any established budget therefor or, alternatively, may be submitted to the Legal Department and, in such case, may only be approved by the Chief Executive Officer, Chief Financial Officer or other officer, manager or senior employee designated by the Chief Executive Officer or Chief Financial Officer for such purpose. See also “Lobbying Activities and Political and Charitable Contributions” below.

Board Appointments

An employee may not sit on the board of a publicly-traded company or other entity (other than a TSG Group entity or its affiliates) without the permission of his or her supervisor, or in the case of senior officers, the Chief Executive Officer. Membership on charitable or community boards does not require pre-approval but such activity must not interfere with duties and obligations to the Company and must not reflect negatively on the Company.

An employee who sits on the board of a company or other entity (other than a TSG Group entity or its affiliates) must abstain from voting on any matter that directly or indirectly concerns the Company or would be contrary to the Company’s interests or would give the appearance or perception of a conflict of interest.

Personal Gain

Employees, officers and directors must not directly or indirectly use their status or position with the Company to obtain personal gain in any manner, including from those doing or seeking to do business with the Company. See applicable TSG Group entity policies related to conflicts of interest.

Company Confidential Information

Employees, officers and directors must safeguard the Company’s Confidential Information. “**Confidential Information**” includes, but is not limited to, trade secrets, know how, records, data, plans, strategies, processes, business opportunities and ideas relating to present and contemplated products and services and financial affairs of the Company, its customers, its suppliers and/or employees, as well as information relating to cybersecurity risks and incidents, which information is not generally known to the public.

Employees, officers and directors are prohibited from disclosing Confidential Information or other information which might impair the Company’s competitive position or which might violate the private rights of individuals, enterprises or institutions without appropriate authorization in accordance with the Company’s Disclosure, Confidentiality and Trading Policy, and must take the appropriate steps to protect such information. The above rules also apply to confidential information of a Company customer or supplier (or prospective customer or supplier). These confidentiality obligations continue even after an individual’s service as an employee, officer or director of the Company has ceased.

If the decision is made to disclose Confidential Information to any person or entity outside of the Company (such as a potential vendor or business partner), it should be done only after appropriate confidentiality agreements are executed. These agreements must document the need to maintain confidentiality of the Confidential Information that is disclosed and copies of all confidentiality agreements must be forwarded to the Legal Department. The amount of Confidential

Information shared with any person or entity outside of the Company should, in any case, be kept to the minimum necessary to address the applicable business need.

All employees, officers and directors must also adhere to the Company's policies, procedures, and rules on confidentiality, disclosure and insider trading as set out in the Company's Disclosure, Confidentiality and Trading Policy. A copy of such policy is available on the Company's intranet, but it may also be obtained from the Legal Department. Nothing in such policy or this Code restricts an employee from reporting potential violations of law to securities regulators or other governmental agencies or self-regulatory authorities without notice or permission from the Company, or providing disclosures that are protected or required under applicable whistleblower laws and cooperating voluntarily with or responding to any inquiry from securities regulators or other governmental agencies or self-regulatory organizations.

Intellectual Property

Intellectual property refers to any creations of the mind, such as inventions, literary or artistic works, programs, databases, designs, symbols, names and images. Intellectual property is protected in law by rights such as patents, copyright and trademarks, which enable the creations to be protection from unauthorized use by third parties. All intellectual property developed by an employee in his or her role during the course of his or her employment with the Company belongs to the Company and all employees assign to the Company all rights the employee may have in such intellectual property. All materials documenting intellectual property must remain with the Company following termination of employment and employees must delete copies from personal devices. Employees must take such reasonable steps as requested by the Company to confirm ownership of any intellectual property in the Company and assist the Company to perfect and maintain its title to such intellectual property and bring or defend cases involving such intellectual property. All employees waive all authors' and moral rights which they may have in such intellectual property.

Use of Company Assets

Each employee, officer and director has a responsibility to prevent misuse, loss, unauthorized destruction or damage or theft of the Company's assets. Reasonable precautions should be taken to secure the Company premises and assets.

Company assets should be used solely for the benefit of the Company. Use of the Company's funds or assets for any unlawful or improper purpose is prohibited. Claims for business expenses must be made consistent with the Company's expense polices. Excessive, fictitious or unnecessary claims are prohibited.

Use of Technology

Improper use of the Company's IT resources can create legal liability and these resources should generally be used for Company purposes only.

Information transmitted through Company resources implies affiliation with the Company and should therefore reflect positively upon the Company. Sending, receiving, displaying, printing, or otherwise engaging in any communications that are in violation of applicable law or this Code, or any other the Company policy, including, but not limited to, communications that are unlawful, libellous, invasive of another's privacy, threatening, fraudulent, harassing, sexually explicit, defamatory, or otherwise objectionable, or that infringe or may infringe the intellectual property or other rights of another person or company, are prohibited. Employees are expected to discourage others from transmitting such information.

Subject to applicable laws, all information of any kind (including without limitation voice communications and electronic messages) stored or transmitted on Company systems is the property of the Company and the Company has the right to monitor, inspect and/or audit any communication or material stored, downloaded, accessed, posted, transmitted or distributed on an employee's computer, phone or voicemail at any time for any purpose, without prior notice to the employee. Communications of any nature on these systems should not be considered private communications.

See the applicable TSG Group entity policies related to IT acceptable use and information security.

WORK ENVIRONMENT

The Company is committed to respecting human rights both within the Company and with those with whom the Company does business and the Board oversees this commitment and the Company policies in which it is reflected.

The Company respects human rights by seeking to avoid infringing on the rights of others and seeks to address adverse human rights impacts with which the Company may become involved. The Company prohibit the use of any forced, compulsory or child labor.

The Company respects the rights of Company employees and seeks to provide fair and safe working conditions, including a work environment that is free from discrimination and harassment and affords equal opportunity to all. This commitment is supported by a broad range of programs for employees and their family members, including employee benefits focused on health, personal wellness, parental leave, diversity and inclusion, and education.

Discrimination- and Harassment-Free Work Environment

The Company strives to maintain a work environment free of violence, discrimination against and harassment of employees or non-employees with whom the Company has a business service or professional relationship and in which individuals are accorded equality of employment opportunity based upon merit and ability. Discriminatory practices based on race, ancestry, place of origin, color, national or ethnic origin, citizenship, creed, sex, sexual orientation, gender identity, gender expression, religion, marital status, family status, same-sex partnership status, age, record of offenses, disability or other prohibited grounds of discrimination under applicable law will not be tolerated.

It is the responsibility of each employee, officer and director of the Company to help the Company provide a work atmosphere free of harassing (sexual or otherwise), abusive, disrespectful, disorderly, violent, hostile, disruptive or other non-professional conduct. Harassment in any form, verbal or physical, by any employee, will not be tolerated. See applicable TSG Group entity policies related to anti harassment and bullying.

Any employee who believes he or she has been subject to harassment or offensive conduct, or who believes he or she has been a witness to such conduct, may report the offense to the Human Resources Department or pursuant to the mechanisms for reporting suspected violations of this Code set out in “Compliance”, including the submission of anonymous reports to the Board and via the Whistleblower Hotline.

Equal Opportunity

The Company is committed to fair employment practices, including equal treatment in hiring, promotion, training and compensation, termination, and disciplinary action. See applicable TSG Group entity policies related to equality and diversity.

Employee Privacy and Personal Information

The Company has policies, procedures, codes, rules and standards in place, which are designed to protect the privacy of its employees, officers, directors, contractors, agents and other representatives to the extent such protections do not conflict with or otherwise interfere or impede the Company’s ability to maintain an appropriate work environment and protect and maintain the Company’s reputation and business.

The Company limits the collection of personal information to that which is necessary for business, legal, security or contractual purposes and collection of personal information is to be conducted by fair and lawful means with the knowledge and consent of the individual from whom the information is being collected. Access to employee personnel and medical records and the information contained therein must be limited to those with a need to know for a legitimate business purpose. All employees have the right to see their own personnel record. Personal information must not be used or disclosed for purposes other than those for which it was collected, except with the knowledge and consent of the individual or as required by law. Personal information must be retained only as long as necessary for the fulfilment of those purposes and must be kept sufficiently accurate, complete and up-to-date to minimize the possibility that inappropriate information may be used or disclosed. The Company and its employees must observe obligations of confidentiality and non-disclosure of personal information, including information of its employees and customers, with the same degree of diligence that employees are expected to use in protecting Confidential Information. All employees must adhere to applicable TSG Group entity policies, procedures, codes, rules and standards in place to protect personal information against loss or theft, as well as unauthorized access, disclosure, copying, use or modification of personal information of others. See applicable TSG Group entity policies related to data protection.

Substance and Alcohol Abuse

The use, possession, sale, purchase and the negotiation for sale or purchase of illegal substances or alcohol in the workplace or on or through Company property is prohibited unless otherwise authorized. The abuse or improper use of prescription or over-the-counter drugs while in the workplace or on or through Company property is also prohibited. Employees are prohibited against using drugs or alcohol in a manner, whether before, during or after work hours, which adversely affects job performance or customer or supplier relations or compromises the safety of other persons. See applicable TSG Group entity policies related to drugs and alcohol.

HEALTH, SAFETY & THE ENVIRONMENT

The health and safety of employees is a vital concern for the Company and all Company employees share a responsibility to promote a workplace free of preventable safety and health hazards that complies with all applicable laws and regulations governing workplace health and safety. This commitment encompasses all of the Company’s facilities and operations. Each employee must be proactive and follow all of the Company’s safety and health rules and report possible safety and health issues and concerns to appropriate management personnel.

The Company is committed to conducting operations and activities in a manner that protects the environment. Company policy is that no employee shall engage in conduct that violates environmental laws or regulations or is otherwise inconsistent with the health and safety needs of our employees and the environmental needs of our communities. The Company’s employees are expected to take steps to conserve energy resources to the fullest extent possible consistent with sound business operations and the Company encourages its offices, employees, suppliers and vendors to participate in energy and water conservation and recycling programs.

The Company is also committed to the continuous improvement of its environmental management systems, its environmental, health and safety programs, and to the prevention of pollution.

ETHICAL BUSINESS PRACTICES

Compliance with Laws

The Company conducts business in jurisdictions where laws, customs and social requirements vary considerably. It is the Company’s policy to operate in material compliance with all applicable domestic and foreign laws, including applicable anti-corruption and anti-bribery laws. Any employee, officer or director becoming aware of a conflict between foreign laws, customs or social requirements and applicable domestic or other laws should consult the Legal Department promptly. If there is a conflict between laws, customs or social requirements, employees, officers and directors should in all cases always comply with all legal requirements. If there are no directly applicable legal requirements, employees, officers and directors should always comply with applicable TSG Group entity policies, guidance and expectations.

Gifts, Benefits and Entertainment

Except as provided by the Company’s Anti-Bribery Policy and any supporting guidance, or this Code, employees, officers and directors are strictly prohibited from furnishing or providing, directly or indirectly on behalf of the Company, gifts, entertainment or benefits to other persons including public officials (as defined below). Similarly, employees, officers and directors must not accept or give anything that will compromise, or be seen to compromise their judgement or inappropriately influence themselves or others. Any gifts, entertainment or other benefits offered or received that do not comply with these restrictions must be disclosed to Internal Audit or the Legal Department and should be declined or returned, if possible.

Those individuals whose duties permit them to do so may furnish or accept certain gifts, favors and entertainment to or from persons, other than public officials (as defined below), if all the following tests are met:

(a) the gift or other benefit is not cash, a gift certificate or other negotiable instrument;

(b) the gift, other benefit or entertainment cannot reasonably be interpreted as an improper payment or inducement and is of nominal value;

(c) the gift, other benefit or entertainment does not contravene any law and, in addition, is made in accordance with generally-accepted local ethical practices;

(d) the gift, other benefit or entertainment does not influence Company business decisions or impact independent judgement;

(e) the gift, other benefit or entertainment occurs or is given or accepted infrequently;

(f) the gift, other benefit or entertainment arises out of the ordinary course of business;

(g) the gift, other benefit, or entertainment involves reasonable expenditures; and

(h) if subsequently disclosed to the public, the provision or acceptance of the relevant gift, other benefit or entertainment would not in any way embarrass the Company, its employees, officers or directors or the recipient.

Any questions regarding the interpretation of this section and its requirements should be directed to the Legal Department prior to accepting or giving the gift or other benefit to the extent reasonably practicable. See also applicable TSG Group entity policies related to conflicts of interest, anti-bribery, anti-fraud and any applicable local employment handbooks for further information.

Recording of Transactions and Reporting of Financial Information

The integrity of the Company’s record keeping and reporting systems shall be maintained at all times, as these systems are required for the Company to meet its financial, legal and other business obligations.

Employees must document and record all transactions in accordance with the Company’s internal control procedures and in compliance with all applicable accounting principles, laws, rules and regulations, and employees with responsibility for reporting financial information must provide information that is accurate, complete, objective, timely and understandable and that complies with all applicable laws relating to the recording and disclosure of financial information. Employees and managers are forbidden to use, authorize, or condone the use of "off-the-books" record-keeping or any other device that could be utilized to distort records or reports of the Company’s true operating results and financial conditions. Employees must not fraudulently influence, coerce, manipulate or mislead any independent public or certified accountant engaged in the performance of an audit, review, compilation or other service with respect to the financial statements for the purpose of rendering such financial statements misleading.

Use of Written Agreements; No Side Deals or Side Letters

The Company documents business transactions with full and complete written agreements that set out the terms and conditions of the agreement and understandings between the parties. No new agreement can be created, or an existing agreement modified, without approval of the Legal Department. All new agreements should also be reviewed by the relevant functional areas, including finance, as the terms and conditions of the agreement may affect how the Company records and reports the transaction for accounting or other purposes. No oral contracts, informal letters of understanding or intent, “handshake deals” or side letters are permitted. Where the Company has developed standard written agreements and other provisions, schedules, riders and appendices, Company employees must use these standard forms except to the extent that changes are authorized either by appropriate management personnel or the Legal Department.

Records Retention and Destruction

Legal and regulatory practice requires the retention of certain records, such as certain tax, personnel health and safety, and financial records, for various periods of time and employees, officers and directors are required to comply with Company controls for the retention and timely destruction of records. In addition, when litigation or a governmental investigation or audit is pending or imminent, relevant records must not be altered or destroyed until the matter is closed. Alteration or destruction of records in a legal or governmental proceeding may constitute a criminal offense.

The Legal Department will notify employees when records have been placed on a “legal hold”. Such records cannot be altered, destroyed, deleted or modified in any manner for the duration of the “legal hold”. Questions regarding records retention should be addressed to the Legal Department, particularly if any litigation, investigation, inquiry or administrative action involving the Company or any of its employees, suppliers or customers is pending or threatened.

Cybersecurity

As a result of the Company’s prominence in the online gaming industry and its large customer base who provide personal information, the Company believes that it is an attractive target for cyber security breaches and attacks. Cyber-attacks may be carried out by third parties or insiders using techniques that range from highly sophisticated efforts to electronically circumvent network security or overwhelm websites to more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access. In addition, third parties may attempt to fraudulently induce employees or customers to, or the Company’s employees or customers themselves may, disclose information in order to gain access to the Company’s data or its customers’ information and potentially use such data or information improperly.

Employees must not engage in or otherwise aid, assist or ignore any potential or actual cyber-attacks or other cyber incidents or otherwise exploit any cybersecurity vulnerabilities of the Company without the Company’s permission, and employees must report any such threatened or actual cyber-attacks or cybersecurity vulnerabilities.

Ethical Competitive Practices and Third-Party Intellectual Property

The Company competes vigorously and creatively in its business activities, but does so in a fair, lawful and ethical manner. Employees must not use improper or illegal means of gathering information about competitors or other third parties, and must not exchange information or agree with competitors in connection with pricing or other matters that are prohibited by applicable law. Theft or illegal entry and electronic eavesdropping are unacceptable means of searching for competitive intelligence. Employees must neither offer a bribe or a gift in exchange for a competitor’s information nor otherwise solicit information from current or former employees of a competitor. Employees, officers and directors of the Company must also not knowingly use or bring onto the Company’s computer systems intellectual property belonging to third parties without the applicable third party’s consent, a license or other legal right.

Crime and Money-Laundering Prevention

The Company is committed to comply fully with all applicable anti-money laundering laws, both domestically and internationally. The Company will conduct business only with reputable customers who are involved in legitimate business activities and whose funds are derived from legitimate sources. All employees are to take reasonable steps to ensure that the Company does not aid or take part in any illegal activities or accept payments that have been identified as a means of laundering money. See also applicable TSG Group entity policies related to anti-money laundering.

DEALINGS WITH PERSONS OUTSIDE THE COMPANY

The honesty and integrity of those who represent the Company must underlie all of the Company's relationships with persons outside the Company.

Dealing with Public Officials

As a general matter, all dealings between employees, officers and directors of the Company and public officials are to be conducted in a manner that will not compromise the integrity or impugn the reputation of the Company, its employees, officers or directors or any public official and in accordance with the Company's Anti-Bribery Policy. The Company specifically prohibits bribery of public officials and third parties anywhere in the world and requires compliance with all applicable laws in the countries in which the Company does business, including, without limitation, Canada's Corruption of Foreign Public Officials Act, the U.S. Foreign Corrupt Practices Act, the UK's Bribery Act (2010) and the Isle of Man's Bribery Act (2013), which prohibit bribery and corruption. This legislation also requires the Company to keep accurate books and records and maintain effective internal controls. The Anti-Bribery Policy governs restrictions on payments, gifts, or offers to make payments or give gifts, either directly or through third parties, to current public officials. Any arrangements permitted under or otherwise approved in accordance with the Anti-Bribery Policy must be documented in accordance with the Company legal and accounting requirements and ethical business practices. The scope of anti-bribery legislation is very broad and applies to the activities of the Company, and activities carried out through its subsidiaries, affiliates and through third-party consultants and lobbyists, anywhere in the world.

Even the appearance of impropriety in dealing with public officials is improper and unacceptable. Any participation, whether directly or indirectly, in any bribes, kickbacks, improper profit-sharing arrangements, illegal gratuities, indirect contributions, improper inducements, "facilitation payments" or similar payments to any public official is expressly forbidden, notwithstanding that they might further the business interests of the Company and notwithstanding that such practices may be considered to be a way of "doing business" or necessary in a particular country in question.

The Company may hire former public officials from time to time, but because of the restrictions that applicable laws can place on such arrangements in certain circumstances, employees, officers and directors must first consult with the Legal Department prior to hiring a current or former public official, or their family members and the Company will not hire any such official if he or she is participating in a matter reasonably regarded as involving the Company's interests.

For purposes of this Code, a "**public official**" should be interpreted broadly and includes any official or employee of a government or of a department, organization or agency of a government (or any department, organization or agency thereof); any employee of any company owned or controlled by a government; any official who holds a legislative or judicial position; any official of a public international organization; any political party or official of a political party; any candidate for political office; and any person or firm acting in an official capacity, including for, or on behalf of, any of the following: a government, a department or agency of a government, a company owned or controlled by a government, a legislator, a judicial officer, a public international organization, or any political party.

For further information on dealings with public officials, staff should refer to the Company's Anti-Bribery Policy and its applicable guidelines for political activities and contributions.

Dealing with the Media and Communications Generally

The Company is committed to providing, as appropriate, full and prompt disclosure to the public of material developments and events. However, all media, public and investor relations and communications are to be co-ordinated through the Legal Department and the Investor Relations or Public Relations Departments, as applicable, in accordance with the Company's Disclosure, Confidentiality and Trading Policy and applicable laws. Employees should not comment on any inquiry from the media, no matter how innocuous the inquiry may appear. Any employee who is asked by the media or otherwise for a statement or to give a presentation should explain that he or she is subject to this Code and the Disclosure, Confidentiality and Trading Policy and refer the matter to the Legal Department.

Dealings with Suppliers, Agents and Representatives

Selection of suppliers to the Company will be based on merit after due consideration of alternatives. The Company will only deal with suppliers who comply with applicable legal requirements (including any applicable regulations requiring, for example, the conduct of background checks) and the Company's standards relating to, among other things, labor, including not using child or forced labor, environment, health and safety, intellectual property rights and refraining from improper payments.

The Company will enter into representation agreements only in accordance with the Company's applicable Probity Review Standards and Procedures, and with companies or persons believed to have a record of and commitment to integrity. For further information on this, refer to the Company's Probity Review Standards and Procedures.

The Company and its employees will take steps to ensure that agents, consultants, independent contractors, representatives and suppliers are aware of and comply with this Code, to the extent feasible, and any applicable supplier code of any TSG Group entity in the course of that supplier's dealings with or on behalf of the Company. Agents, consultants, independent contractors, representatives and suppliers are required to promptly report an actual, potential or suspected breach of this Code and any other applicable code of any TSG Group entity, or of applicable laws promptly and truthfully in accordance with TSG Group entity policies relating to whistleblowing.

Confidential information received from a supplier must be treated as if it were the Company's Confidential Information (see "Company Confidential Information").

Lobbying Activities and Political and Charitable Contributions

Please refer to the Company's Anti-Bribery Policy and Probity Review Standards and Procedures prior to making or approving any political and charitable contributions. Political contributions utilizing group funds, goods or services are forbidden unless approved in accordance with the Probity Review Standards and Procedures. Charitable contributions made to charities owned or controlled by public officials are prohibited and advance approval is required for charitable contributions requested by public officials.

Neither the Company nor its personnel, third-party consultants, agents or representatives will engage in or undertake lobbying activities on behalf of the Company unless prior express approval of the Legal Department has been obtained following consultation with appropriate compliance personnel. The Company respects personal participation in the political process by employees; however, that involvement and participation in the political process must be on an individual basis, on personal, not Company, time and at the person's own expense. The use of Company funds, goods or services as contributions to political parties, candidates, campaigns or charities is not permitted. See also applicable TSG Group entity policies related to anti-bribery, probity review standards and procedures and applicable guidelines for political activities and contributions.

The Company supports various charitable endeavours and employees are encouraged to participate in charitable and other community organizations, provided that such participation does not reflect negatively on the Company and does not take too much employee time or otherwise conflict with the employee's work. Except with prior legal approval, soliciting donations to any charitable or non-profit organization, on the Company's time to Company employees or suppliers is not permitted.

Investigations

The Company will fully cooperate with any appropriate governmental or regulatory investigation. Any time an employee, officer or director receives information about a new government, regulatory or other investigation or inquiry, this information should be communicated immediately to the Legal Department.

Employees, officers and directors should never, under any circumstances:

(a) destroy or alter any the Company documents or records in anticipation of a request for those documents from any government agency or a court;

(b) lie or make any misleading statements to any governmental investigator (including routine as well as non-routine investigations); or

(c) attempt to cause the Company, any employee or any other person, to fail to provide information to any government investigator or to provide any false or misleading information.

Should any governmental, regulatory or other inquiry be made through the issuance of a written or oral request for information, such request should immediately, and before any action is taken or promised, be submitted to the Legal Department.

In addition, employees, officers and directors are required to cooperate with all internal Company investigations, including investigations conducted by the Confidential Designee (as such term is defined in the Company's Whistleblower Policy) pursuant to the Company's Whistleblower Policy.

COMPLIANCE

This Code will be posted to the Company's intranet and website and a copy of this Code will be made available to each Company employee. To ensure a proper understanding of this Code, any questions pertaining to its application to the area of responsibility and jurisdiction of the employee, will be explained by the employee's supervisor. A copy of this Code is made available to each director as part of his or her orientation materials.

At the commencement of employment or other service with the Company, and from time to time as may be requested by the Company, each employee, officer and director, as applicable, must complete an acknowledgement and disclosure statement attesting to that individual's compliance with this Code. All such acknowledgements will be retained by the Human Resources Department for purposes of confirming that each employee, officer and director has acknowledged this Code.

The Company reserves the right to audit compliance with this Code. Accordingly, all employees, officers and directors must afford any external or internal auditors full, free and unrestricted access to all the Company operations, records, facilities and personnel and will take appropriate measures to safeguard information obtained through the audit process.

An employee, officer or director or other representative who becomes aware of a violation or possible violation of this Code or any of the Company's statements and policies must report that information immediately to his or her supervisor (if applicable) or a senior officer or director of the Company. Managers, officers and directors may be subject to disciplinary action if they condone misconduct or do not demonstrate the appropriate leadership to ensure compliance with this Code.

An employee may report questionable accounting or auditing matters, on an anonymous basis, by sending a letter to "The Board of Directors of The Stars Group Inc. c/o Chair, Audit Committee, at the address listed under "Contact the Board of Directors" on the Company's website. Reports can also be made anonymously through the Whistleblower Hotline Telephone Number 1-844-399-5149, the Whistleblower Hotline E-mail address at TSG@openboard.info, the Whistleblower Hotline Internet Address: http://www.openboard.info/TSG, or such other methods as set forth in the Company's Whistleblower Policy. For further information on reporting, staff should refer to the Whistleblower Policy and Whistleblower Procedures. Employees, officers and directors must cooperate fully in any Company investigation and must take all reasonably steps necessary to safeguard the integrity of the investigation.

Non-employees are expected to report violations or possible violations of this Code, any of the Company's policies, or any other improper activity by sending a letter to "The Board of Directors of The Stars Group Inc. c/o Chair, Audit Committee" at the address noted above, or anonymously through the Whistleblower Hotline telephone number or email address provided above.

Where a concern arises over an officer or director's conduct in relation to this Code, the Legal Department will serve as an independent authority for overseeing the disciplinary process of the involved individual.

WAIVER, AMENDMENTS AND INTERPRETATION OF THIS CODE

The Company retains sole discretion in interpreting and applying this Code. The Company will periodically review this Code and make appropriate additions or changes. This Code may be updated, modified or withdrawn by the Company at any time in its sole discretion. Any waiver of this Code for executive officers or directors may be made only by the Board and will be publicly disclosed, together with the reasons for such waiver, in accordance with all applicable securities laws and stock exchange rules. Any waivers of this Code will only be granted where such waiver is both necessary and appropriate, and it will be qualified in scope so as to protect the Company to the greatest extent practicable. Amendments or other modifications of this Code will also be publicly disclosed in accordance with all applicable securities laws and stock exchange rules.

AS AMENDED AND RESTATED ON August 9, 2018.

THE STARS GROUP