



Plus500

World's Trading Machine

PLUS500 PRELIMINARY RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2019

Plus500 Ltd.
("Plus500", "the Company" or with its subsidiaries "the Group")

Preliminary Unaudited Results for the year ended 31 December 2019

Plus500, a leading online service provider for trading Contracts for Difference ("CFDs") internationally, today announces its preliminary unaudited results for the year ended 31 December 2019.

Financial Highlights:

- **2019 was a year of two distinct halves with strong improvement in H2 2019:**
 - Robust performance across all key metrics in H2 2019 compared to H1 2019, which was impacted by extremely low volatility in Q1 2019. Strong H2 2019 was mainly driven by increased trading opportunities identified by customers, reflecting more volatile market conditions during the rest of the year:
 - H2 2019 revenues up 40% vs. H1 2019, to \$206.5 million (H1 2019: \$148.0 million) (FY 2019: \$354.5 million, FY 2018: \$720.4 million);
 - H2 2019 EBITDA¹ up 93% vs. H1 2019, to \$126.7 million (H1 2019: \$65.6 million) (FY 2019: \$192.3 million, FY 2018: \$506.0 million);
 - H2 2019 Net Profit up 94% vs. H1 2019, to \$100.1 million (H1 2019: \$51.6 million) (FY 2019: \$151.7 million, FY 2018: \$379.0 million);
 - 2019 marked the first full year of trading under the new regulatory regime introduced by European regulators, with customer trading patterns adjusting through the year;
- **Maintained robust financial position:**
 - Sustained high operating cash conversion² of 88% in 2019 (FY 2018: 98%), supported by a highly efficient, lean and cash generative business model, resulted in year end cash and cash equivalents of \$292.9 million, following distribution of \$148.3 million in shareholder returns during the year;
- **Continue to deliver significant shareholder returns:**
 - 100% of 2019 net profit proposed to be distributed to shareholders – equivalent to a total of \$151.7 million, consisting of interim and final dividends totalling \$71.7 million and \$80 million in share buyback programmes:
 - Interim dividend of \$30.9 million distributed in November 2019 and a \$50 million share buyback programme announced in August 2019 executed in full;
 - Final dividend of \$40.8 million (FY 2018: \$70.2 million), \$0.3767 per share (FY 2018: \$0.6191 per share);
 - The Board intends to conduct a further share buyback programme in 2020 to purchase up to \$30 million of the Company's shares;

Operational Highlights:

- Average of approximately 3 million customer trades per month in 2019;
- Average deposit per Active Customer³ increased 19% year on year at \$5,116 (FY 2018: \$4,284), reflecting our customers' continued and strong trust in our trading platform;
- Continued investment in technology and innovation to further enhance the Group's customer proposition through the introduction of new features, trading instruments and trading tools, support channels and an improved customer interface;
- Increased focus on our core markets and continued expansion of global presence:
 - Successfully retained leading industry positions in core markets as the largest CFD provider in the UK⁴, Germany⁵ and Spain⁶ and as the top rated mobile platform among CFD traders in Australia⁷;

- Following the year end, a new securities dealer licence was issued by the Financial Services Authority in the Seychelles, further complementing the Group's seven existing regulatory licences internationally and reflects the Group's robust regulatory regime;

Current Trading:

- Positive momentum has continued into 2020, reflecting heightened levels of volatility in the financial markets due to global events;
- The Board maintains its confidence in the Group's prospects for the year ahead.

Asaf Elimelech, Chief Executive Officer of Plus500, commented:

"We finished 2019 in good financial and operational shape following a period of changes for the industry, which has provided a more certain regulatory outlook for Plus500 and the industry as a whole.

"We were particularly pleased with the strong improvement in financial performance in the second half of 2019 and believe that customer trading patterns have now adjusted following the regulatory changes introduced in Europe last year. We continue to monitor and prepare for any potential product intervention measures that are expected to take place in Australia during 2020.

"I am also encouraged by the trading momentum we have shown through the year end, reflecting continued optimisation of our marketing spend, enhancements to our customer service, improvements in our proprietary technology platform and additional cost optimisation.

"We are further pleased in our ability to provide significant value to our shareholders with the delivery of strong returns representing 100% of our 2019 net profit.

"Looking forward to 2020 we are confident of the prospects for the Group as we focus on further strengthening our customer offering and market positions, thereby delivering growth and further strong shareholder returns."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

¹ EBITDA – Earnings before interest, taxes, depreciation and amortisation

² Operating cash conversion – Cash generated from operations / EBITDA

³ Active Customers – Customers who made at least one real money trade during the period

⁴ By total number of relationships with UK CFD traders. Investment Trends 2019 UK Leverage Trading Report

⁵ By total number of client relationships. Investment Trends 2019 Germany Leverage Trading Report

⁶ By total number of client relationships. Investment Trends 2019 Spain Leverage Trading Report

⁷ By own client rating. Investment Trends 2018 Australia Leveraged Trading Report

Plus500 will host an analyst presentation at 9.30 a.m. today at the offices of Liberum, 25 Ropemaker St, London, EC2Y 9LY.

There is an audio conference call for those who would like to dial in:

Dial in number +44 (0)330 336 9411

Confirmation code 6278727

Web access <https://webcasting.brrmedia.co.uk/broadcast/5e3c36d3397af40afa52d0d2>

The presentation materials will be available at <https://www.plus500.co.uk/Investors/CompanyReports>

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Forward looking statements

This announcement contains statements that are or may be forward-looking statements. All statements other than statements of historical facts included in this announcement may be forward-looking statements, including statements that relate to the Company's future prospects, developments and strategies.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Forward-looking statements are identified by their use of terms and phrases such as “believe”, “targets”, “expects”, “aim”, “anticipate”, “projects”, “would”, “could”, “envisage”, “estimate”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. The forward-looking statements in this announcement are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements. Factors that may cause actual results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, those described in the risk factors. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such entity and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above.

Each forward-looking statement speaks only as at the date of this announcement. Except as required by law, regulatory requirement, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither the Company nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

About Plus500

Plus500 operates an online trading platform for individual customers to trade CFDs internationally. The Group offers more than 2,800 different underlying global financial instruments, comprising equities, indices, commodities, options, ETFs, foreign exchange and cryptocurrencies. Individual customers of Plus500 can trade CFDs in more than 50 countries and in 32 languages. The trading platform is accessible from multiple operating systems (Windows, smartphones (iOS, Android and Windows Phone), tablets (iOS, Android and Surface) and web browsers). Plus500 retains operating licences and is regulated in the United Kingdom, Australia, Cyprus, Israel, New Zealand, South Africa, Singapore and the Seychelles. Customer care is integral to Plus500: customers cannot be subject to negative balances. Plus500 does not utilise cold calling techniques and does not offer binary options. A free demo account is available on an unlimited basis for platform users, and sophisticated risk management tools are provided free of charge to manage leveraged exposure, and stop losses to help customers protect profits and limit capital losses. Plus500 is listed on the main market of the London Stock Exchange, under the symbol PLUS. www.plus500.com

Business Update

Overview

2019 was a year of two distinct halves; very low volatility in financial markets in Q1 resulted in fewer opportunities for customers to trade, however, more normal trading conditions returned in Q2 and continued through to the year end, resulting in a much improved second half performance.

Total revenue for the year was \$354.5 million (FY 2018: \$720.4 million) and EBITDA was \$192.3 million (FY 2018: \$506.0 million); approximately two thirds of annual 2019 EBITDA was earned in the second half of 2019.

Operational review

	Half Year*		% Change	Full Year		% Change
	H2 2019	H1 2019		2019*	2018	
Number of New Customers ⁸	43,848	47,540	(8%)	91,388	134,237	(32%)
Number of Active Customers	142,074	141,692	0.3%	199,720	304,616	(34%)
ARPU ⁹	\$1,453	\$1,044	39%	\$1,775	\$2,365	(25%)
AUAC ¹⁰	\$1,011	\$1,079	(6%)	\$1,046	\$934	12%

* *Unaudited*

⁸ New Customers – Customers depositing for the first time during the period

⁹ ARPU – Average Revenue Per User

¹⁰ AUAC – Average User Acquisition Cost

In Q4 2019, Plus500 recruited a total of 19,489 New Customers, contributing to a total of 91,388 New Customers in 2019. Number of Active Customers in Q4 2019 was 99,247, with a total of 199,720 for the full year. There was a slight increase of 0.3% in Active Customers in H2 2019 vs H1 2019, reflecting an improvement in the H2 2019 churn rate of 31% (H1 2019: 34%), which the Group attributes to recent initiatives adopted to enhance the overall customer experience.

Average User Acquisition Cost increased on 2018 levels as the Group invested in marketing to recruit new higher value customers. AUAC saw a 6% reduction in H2 2019 when compared to the first half of 2019, while ARPU levels increased by 39% over the same period. ARPU for Q4 2019 was \$966. AUAC for Q4 2019 was \$1,124, which reflects the cost on the day of recruitment. The average lifetime value of New Customers is expected to remain at an attractive level, justifying the level of investment allocated to our efficient marketing algorithms. Plus500 expects AUAC to rise steadily over time, as the profile of customers shifts to higher value customers including those who qualify and elect for a professional status.

Average deposit per Active Customer grew by 19% on a year on year basis to \$5,116 (FY 2018: \$4,284). The Board believes this reflects customers' strong trust and increased appetite to trade on the Plus500 platform. Following a period of regulatory changes in the industry, greater levels of stability have ensued, bringing greater confidence to customers to continue trading.

During 2019 the Group continued to focus on the recruitment and retention of highly skilled employees; Plus500 considers its human capital to be its most valuable asset and a key element in the ongoing optimisation of the Group's platform and ability to recruit and retain higher value customers, while continuing to maintain an effective and lean cost structure.

Technology and innovation

The Board believes that the Group's technology capabilities, which continue to be developed internally, are a key differentiator and a significant advantage compared to its peers. Plus500's ability to react and implement changes rapidly enables the Company to adapt to both the Group's needs, as well as to customers' demands, helping to create a highly attractive and dynamic customer offering.

The Group continued to invest in its technology, operational and regulatory framework during the year, enhancing its ability to cater to each of its customers in the relevant platform, language, market and regulatory environment.

This investment is expected to provide long term benefits to customer acquisition and activity whilst enhancing efficiency and financial returns.

The Group continues to place a strong focus on innovation and technology throughout the entire customer journey – from marketing and customer acquisition process to trading experience, support channels, risk management and back office systems.

Back office processes (such as depositing funds) are also completed using the Group’s proprietary technology, which provides smart routing optimisation between various local payment processing companies. The Company also introduced additional alternative payment methods to increase variety and streamline the deposit process. This enables the Group to operate an efficient and lean cost base, while also improving the service it can offer to its customers.

The Group’s trading platform benefits from its intuitive and user-friendly design, which is accessible from multiple operating systems and provides customers with access to more than 2,800 financial instruments. The upgrades introduced to Plus500’s trading platform in 2019 have contributed to an increased appeal to higher value customers; these included:

- an analysis package to its WebTrader, iOS and Android platforms, including volume indicators, drawing tools and an extensive range of technical indicators;
- upgraded WebApp platform interfaces for further user customisation, including traders’ ability to alter the appearance of the platform by selecting a light or dark background, with dark mode quickly becoming very popular;
- more than 100 new financial instruments, some of which were unique to Plus500’s trading platform, were also added in 2019, as the Group responded rapidly to either news flow or customer demand;

The Company continually seeks to upgrade and enhance its customer service channels, evolving from email to market-leading live chat, for which it was acknowledged as the UK’s no. 1 in satisfaction for online chat customer service in 2019¹¹. Integration with WhatsApp was successfully introduced during the first half of 2019 and is already contributing to an overall improved customer service experience, which is available in main languages 24/7. Plus500 was the first major CFD provider to successfully incorporate WhatsApp to its platform as part of its customer support offering.

The Group’s mobile and tablet offering continues to be very popular with customers, representing over 80% of total revenues in 2019 (FY 2018: 77%), with 75% of all customer trades being completed on a mobile device (FY 2018: 73%). Plus500 remains the industry leader in mobile as it retains its position as the highest rated app in its sector in both the AppStore and Google’s Play Store.

¹¹ Investment Trends 2019 UK Leverage Trading Report

Regulatory and licence update

During the year, and as anticipated, the majority of EU-member states adopted national product intervention measures relating to CFDs, reflecting the ESMA product intervention measures which came into force in August 2018.

In August 2019, the Australian Securities and Investments Commission (ASIC), released a consultation paper which sets out its proposals to exercise its power to make certain market-wide product intervention orders and imposing certain restrictions on the sale and marketing of CFDs to retail customers. This is anticipated to take place during 2020 and is expected to result in a similar impact on the industry as ESMA’s intervention measures had in Europe during 2018-2019. Plus500’s 2019 revenues for Australian residents represented a total of approximately 14% of Group revenues.

As evidenced in the period following the implementation of ESMA’s regulations, the Board believes that the Group’s high levels of investment in regulatory compliance, alongside its flexible business model and advanced technological capabilities, will enable it to adjust rapidly and efficiently to any future changes.

The UK left the European Union on 31 January 2020 and is now in a transition period until 31 December 2020. Between now and the end of the year, EU law will continue to apply with no change. Plus500 remains well prepared for various scenarios for the UK’s exit from the EU, supported by the Group’s separate EU licence in

Cyprus which enables it to operate in EU regulated jurisdictions, in line with applicable regulatory requirements. Plus500 will continue to assess any future developments relating to the UK's exit from the EU.

Following the year end, in January 2020, a new licence was granted to the Group by the Financial Services Authority in the Seychelles, further complementing the Group's seven existing licences across the globe.

Risk management framework

Plus500's target audience is exclusively individual customers and the trading platform is not available to institutional or corporate traders. As a result, Plus500 has a low customer concentration and therefore does not rely on trading activity from a small number of very large customers – the largest customer in 2019 contributed less than 1% of total Group revenue.

Additionally, the Company's risk management framework ensures that risk exposures are strictly limited. The Company employs a combination of real-time monitoring technology, predefined limits and internal offsetting techniques across its hundreds of thousands of customers to ensure risk is effectively managed.

Plus500 monitors trading levels and exposure limits (for example by customer, instrument and asset class) and credit risk is limited by ensuring all customer accounts are pre-funded. The Group also offers a margin close-out policy to all of its customers on a cross border basis.

Although Customer Trading Performance¹² fluctuates over the short term and can fluctuate from year to year, the Company considers performance over a longer timeframe, which has tended to be broadly neutral. As per Plus500's business model, revenues are mainly driven by the volume of trades executed on its trading platforms and the associated trading spreads and overnight charges. Over the past six years, Customer Income¹³ accounted for approximately 99% of revenues.

Financial review

	Half Year*		% Change	Full Year		% Change
	H2 2019	H1 2019		FY 2019*	FY 2018	
Revenues	\$206.5m	\$148.0m	40%	\$354.5m	\$720.4m	(51%)
EBITDA	\$126.7m	\$65.6m	93%	\$192.3m	\$506.0m	(62%)
Net Profit	\$100.1m	\$51.6m	94%	\$151.7m	\$379.0m	(60%)
Earnings per Share ¹⁴	\$0.90	\$0.45	100%	\$1.35	\$3.33	(59%)

* Unaudited

¹² Customer Trading Performance – Gains/losses on customers' trading positions

¹³ Customer Income - Revenue from customer spreads and overnight charges

¹⁴ Earnings per Share – Calculated based on weighted average number of Ordinary Shares in issue as of 31 December 2019

The Group delivered revenue of \$95.9 million in Q4 2019 (Q4 2018: \$154.8 million), net of \$4.3 million of Customer Trading Performance. This contributed to total revenues of \$354.5 million for 2019 (FY 2018: \$720.4 million), which represent approximately 93% of Customer Income (approximately 96% of Q4 2019).

EBITDA for 2019 was \$192.3 million (FY 2018: \$506.0 million), with an EBITDA margin of 54% (FY 2018: 70%). Net profit for 2019 was \$151.7 million (FY 2018: \$379.0 million). Earnings per share were \$1.35 (FY 2018: \$3.33).

There was a much improved second half performance, with revenues of \$206.5 million representing approximately 58% of annual 2019 revenues, including a 19% increase in Customer Income in H2 2019, and \$126.7 million of EBITDA, representing approximately 66% of annual 2019 EBITDA.

Costs remained well under control during 2019, reflecting the Group's optimised cost base. The majority of the Group's costs are variable and are positively correlated to enhanced performance, including marketing and processing expenses.

SG&A expenses decreased by 24% to \$164.4 million (FY 2018: \$215.1 million) attributed to general level of cost optimisation. Higher marketing costs per customer were incurred as a result of increased focus on recruitment of

high value customers. The balance of costs also includes payroll and related expenses, variable bonuses and share appreciation rights.

Financial expenses, net amounted to \$0.8 million (FY 2018: \$2.3 million), the majority arising from foreign exchange and translation differences. A significant proportion of the Company's cash is held in US dollars in order to provide a natural hedge, therefore reducing the impact of currency movements on financial expenses. This result reflects an optimisation of financial cash management in comparison to 2018, with reduced financial expenses of \$1.5 million.

The 2019 tax rate benefitted from a greater proportion of profits being taxed outside Israel in lower tax rate jurisdictions, due to the level of Group profits and translation from local currency into US dollars.

Total assets down by 5% to \$316.9 million as of 31 December 2019 (31 December 2018: \$332.9 million) following distribution of \$148.3 million shareholder returns, with equity of \$284.1 million representing approximately 90% of the balance sheet as of 31 December 2019 (31 December 2018: \$280.7 million).

The Group remains highly cash generative, with 88% operating cash conversion (FY 2018: 98%). Deposits are collected in advance from customers and these deposits and the outcome of the customers' trading activity is immediately reflected in their regulated segregated accounts. Earnings from these customer trades are recognised in cash on the Company's balance sheet, as customers' trading activity occurs and amounts are transferred from or to the Company's accounts. In addition, the Company requires relatively low levels of capital expenditure. The combination of these features means that a high proportion of net income is rapidly converted into cash.

Cash generated from operations during the year was \$170.1 million (FY 2018: \$495.0 million); this resulted in year end cash balances standing at \$292.9 million (31 December 2018: \$315.3 million). Cash balances reduced during the year as a result of dividend payments (\$101.1 million) and two share buyback programmes (\$6 million and \$41.2 million).

Note: The consolidated financial statements are presented in US dollars, which is the Company's functional and presentation currency. Foreign currency transactions and balances in currencies different from the US dollar are translated into the US dollar using the exchange rates prevailing on the dates of the transactions or at the balance sheet date.

Group positioning and core values

Plus500 retains an entrepreneurial approach, adapting rapidly to changing market conditions and customer requirements, resulting in a market-leading offering delivered through cutting-edge proprietary technology. The Company continues to recruit and develop the best people and to focus on being operationally efficient whilst maintaining regulatory compliance.

Our core values include putting our customers and stakeholders at the centre, leading the industry while standing out and providing an innovative, self-developed, high standard product, as well as providing our employees a dynamic and evolving work environment in which they can grow and develop.

Plus500's growth strategy

The Board remains confident in the prospects of the business going forward. Future success and value creation will be based on delivery on a number of fronts:

- The Company has outgrown the competition organically over the past decade and is confident this will continue, enabled by superior customer targeting, leading marketing techniques and disciplined customer onboarding processes;
- Profitability has been enhanced by concentration on cost efficiency. Plus500 will continue to emphasise cost control, remaining lean and investing only where it is confident in delivering superior returns;
- The Company is considering multiple additional growth opportunities through:
 - expansion into new geographic regions and acceleration within current regions through additional regulatory licences;

- product extension enabled by further development of the current technology platform, enhancing customer acquisition rates and improving retention levels;
- value-adding targeted acquisitions, made possible by the imposition of increasingly strenuous regulatory standards, which enhance the position of the compliant industry leaders;
- Delivering best-in-class customer service is key to success. Plus500 will emphasise enhancements to its current trading platform to build on its reputation for excellent customer service and to provide trading functionality which will appeal to and satisfy the more sophisticated traders;
- Capital discipline will remain a central tenet of Plus500's strategy. The Company will seek to maximise returns for all its stakeholders by either utilising capital which is surplus to operational requirements to deliver superior growth, or returning it to its shareholders.

Shareholder returns

The Company's dividend policy is to return at least 60% of net profits to shareholders. This will be distributed through a combination of dividends and share buybacks, with at least 50% of this distribution being made by way of dividends. This policy applies to net profits on a half-yearly basis. The Board will continue to assess the availability of any excess capital and prioritise its use, as it has always done, and carefully evaluate any identified opportunities against the long term benefit of organic investment or additional returns to shareholders.

The Board determined at the time of the Group's half year results in August 2019 that enhanced shareholder value could be delivered from buying back the Company's shares and as a consequence, a material share buyback programme to purchase up to \$50.0 million of the Company's shares was announced. In 2019 the Company purchased 4,259,066 Ordinary Shares in accordance with this programme, amounting to a total of \$41.2 million, at an average share price of £7.66. Following the year end, the share buyback programme continued to its completion, and an additional 749,854 Ordinary Shares have been purchased, amounting to a total of \$8.8 million, at an average share price of £9.06.

The Board is pleased to declare a final dividend for the year ended 31 December 2019 of \$40.8 million, representing \$0.3767 per share (final dividend 2018: \$0.6191 per share), with an ex-dividend date of 27 February 2020, a record date of 28 February 2020 and a payment date of 13 July 2020. This makes a total dividend for the year of \$0.6501 per share (total dividend for 2018: \$1.9977 per share).

The Board has resolved in principle to conduct a new share buyback programme in 2020 to buyback up to \$30 million of the Company's shares (the "New Share Buyback Programme").

Subject to the entry into and the completion of the New Share Buyback Programme, the resulting total distribution to shareholders for 2019 will amount to a return to shareholders of \$151.7 million¹⁵ or 100% of net profit for the year, in line with the Company's stated dividend policy.

¹⁵ The total estimated dividend payout of \$40.8 million is based on that 108,280,848 Ordinary Shares are issued as at 11 February 2020. In the event that the Company enters into the New Share Buyback Programme and that Ordinary Shares are repurchased between 12 February 2020 and the dividend record date of 28 February 2020 pursuant to the New Share Buyback Programme, such Ordinary Shares will be held in treasury and therefore will not be entitled to a dividend and the actual aggregate dividend payout will be reduced accordingly.

Outlook

The Board is encouraged by the momentum the Group built in the second half of 2019 and through the year end, reflecting continued optimisation of marketing spend, enhancements to customer service, and improvements in the Group's proprietary technology platform. The Board also believes that customer trading patterns have now adjusted and stabilised following the regulatory changes introduced in Europe last year.

The Board believes that, as seen during recent periods of regulatory changes, the Group's flexible business model, optimised cost base and technological advantage will enable it to adjust rapidly to any future regulation, including the impact of any changes expected to be introduced in Australia during 2020.

Like other operators in the sector, Plus500's financial performance in 2020 will be dependent, among other things, on financial market conditions providing sufficient trading opportunities for customers. The Board is confident that the Company will continue to deliver strong financial and operational results. Together with customer acquisition, the Group continues to further improve the customer trading experience in order to increase retention

rates and appeal to more sophisticated and higher value traders; success here is expected to provide incremental revenues in due course.

Looking to 2020 we are confident of the prospects for the Group as we focus on further strengthening our customer offering and market positions, especially in regulated markets where legislation is transparent and brand recognition is already significant. Overall, the Board remains optimistic about the potential to deliver growth in existing and new markets, as well as continue providing strong shareholder returns.

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Year ended 31 December	
		2019	2018
	Note	U.S. dollars in millions	
TRADING INCOME		354.5	720.4
Selling and marketing expenses		138.9	175.9
Administrative and general expenses		25.5	39.2
OPERATING PROFIT		190.1	505.3
Financial income		6.7	6.1
Financial expenses		7.5	8.4
FINANCIAL EXPENSE - NET		(0.8)	(2.3)
PROFIT BEFORE INCOME TAX		189.3	503.0
INCOME TAX EXPENSE		37.6	124.0
PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR		151.7	379.0
		In U.S. dollars	
EARNINGS PER SHARE (basic and diluted)	4	1.35	3.33

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Note	As of 31 December	
		2019	2018
		U.S. dollars in millions	
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets		2.8	3.3
Right of use assets		5.3	-
Long term other receivables		1.2	1.5
Total non-current assets		9.3	4.8
Current assets			
Income tax receivable		2.8	0.8
Other receivables		11.9	12.0
Cash and cash equivalents		292.9	315.3
Total current assets		307.6	328.1
TOTAL ASSETS		316.9	332.9
LIABILITIES			
Non-current liabilities			
Lease liabilities (net of current maturities)		4.1	-
Share-based compensation		-	0.3
Total non-current liabilities		4.1	0.3
Current liabilities			
Share-based compensation		4.8	7.3
Income tax payable		1.8	9.9
Other payables		10.3	20.1
Service suppliers		10.0	14.3
Current maturities of lease liabilities		1.6	-
Trade payables – due to clients	5	0.2	0.3
Total current liabilities		28.7	51.9
TOTAL LIABILITIES		32.8	52.2
EQUITY:			
Ordinary shares	3	0.3	0.3
Share premium		22.2	22.2
Cost of Company's shares held by the Company		(57.0)	(9.8)
Retained earnings		318.6	268.0
Total equity		284.1	280.7
TOTAL LIABILITIES AND EQUITY		316.9	332.9

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Ordinary shares	Share premium	Cost of Company's shares held by the Company U.S. dollars in millions	Retained Earnings	Total
BALANCE AT 1 JANUARY 2019	0.3	22.2	(9.8)	268.0	280.7
CHANGES DURING THE YEAR ENDED 31 DECEMBER 2019					
Profit and comprehensive income for the year	-	-	-	151.7	151.7
TRANSACTION WITH SHAREHOLDERS:					
Dividend	-	-	-	(101.1)	(101.1)
Acquisition of treasury shares	-	-	(47.2)	-	(47.2)
BALANCE AT 31 DECEMBER 2019	<u>0.3</u>	<u>22.2</u>	<u>(57.0)</u>	<u>318.6</u>	<u>284.1</u>
BALANCE AT 1 JANUARY 2018	0.3	22.2	(7.5)	210.9	225.9
CHANGES DURING THE YEAR ENDED 31 DECEMBER 2018					
Profit and comprehensive income for the year	-	-	-	379.0	379.0
TRANSACTION WITH SHAREHOLDERS:					
Dividend	-	-	-	(321.9)	(321.9)
Acquisition of treasury shares	-	-	(2.3)	-	(2.3)
BALANCE AT 31 DECEMBER 2018	<u>0.3</u>	<u>22.2</u>	<u>(9.8)</u>	<u>268.0</u>	<u>280.7</u>

Plus500 LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Year ended 31 December	
	2019	2018
	U.S. dollars in millions	
OPERATING ACTIVITIES:		
Cash generated from operations (see Note 6)	170.1	495.0
Income tax paid, net	(47.6)	(98.4)
Interest received, net	4.8	3.8
Net cash flows provided by operating activities	127.3	400.4
INVESTING ACTIVITIES:		
Repayment of deposits	-	0.2
Purchase of restricted deposits	-	(0.3)
Purchase of property, plant and equipment and intangible assets	(0.1)	(0.6)
Net cash flows used in investing activities	(0.1)	(0.7)
FINANCING ACTIVITIES:		
Dividend paid to equity holders of the Company	(101.1)	(321.9)
Payment of principal in respect of leases liabilities	(1.8)	-
Acquisition of own shares	(47.2)	(2.3)
Net cash flows used in financing activities	(150.1)	(324.2)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22.9)	75.5
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	315.3	241.9
Gains (Losses) from exchange differences on cash and cash equivalents	0.5	(2.1)
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR	292.9	315.3

Plus500 Ltd.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 - GENERAL INFORMATION

Information on activities

Plus500 Ltd. (hereafter – the Company) and its subsidiaries (hereafter – the Group) has developed and operates an online and mobile trading platform within the CFD sector enabling its international customer base of individual customers to trade CFDs on over 2,800 underlying financial instruments internationally. The Group currently offers CFDs referenced to equities, indices, commodities, options, ETFs, cryptocurrencies and foreign exchange.

The Group's offering is available internationally with a significant market presence in the UK, Australia, the European Economic Area (EEA) and the Middle East and has customers located in more than 50 countries. The Group operates through operating subsidiaries regulated by the Financial Conduct Authority (FCA) in the UK, the Australian Securities and Investments Commission (ASIC) in Australia, the Cyprus Securities and Exchange Commission (CySEC) in Cyprus, the Israel Securities Authority (ISA) in Israel, the Financial Markets Authority (FMA) in New Zealand, the Financial Sector Conduct Authority (FSCA) in South Africa and the Monetary Authority of Singapore (MAS) in Singapore.

The Company also has a subsidiary in Bulgaria which provides operational services to the Group.

On 24 July 2013, the Company's shares were admitted to trading on AIM market of the London Stock Exchange in the Company's initial public offering ("IPO"). On 26 June 2018, the Company's shares were admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange PLC's Main Market for listed securities and trading of the Company's shares on the AIM market of London Stock Exchange PLC was cancelled.

The Group is engaged in one operating segment - CFD trading.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting and accounting policies

The Group's financial information as of 31 December 2019 and 2018 and for each of the two years for the period ended on 31 December 2019 are in compliance with International Financial Reporting Standards that consist of standards and interpretations issued by the International Accounting Standard Board (hereafter – IFRS).

The significant accounting policies described below have been applied consistently in relation to all the reporting periods, unless otherwise stated.

The financial information has been prepared under the historical cost convention, subject to adjustments in respect of revaluation of financial assets at fair value through profit or loss presented at fair value.

b. Going concern

The Group has considerable financial resources, a broad range of CFD financial instruments and a geographically diversified business. As a consequence, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook. Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing these condensed consolidated financial statements.

Plus500 Ltd.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

As stated in note 1 above, the Group operates in one operating segment: CFD trading.

d. New International Financial Reporting Standards, Amendments to Standards and New interpretations:

New and amended standards adopted by the Group for the first time for the financial year beginning on or after 1 January 2019:

IFRS 16 - "Leases" (hereafter - IFRS 16)

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The nature and effect of these changes are disclosed below.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4%.

	U.S. dollars in millions
Operating lease commitments disclosed as at 31 December 2018	4.1
Add: adjustments as a result of a different treatment of extension and termination of lease options	2.6
Lease liability recognised as at 1 January 2019	6.7
U.S. dollars in millions	
Of which are:	
Current lease liabilities	1.5
Non-current lease liabilities	5.2
	6.7

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to office space and real estate type of assets.

Plus500 Ltd.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

NOTE 3 - SHARE CAPITAL

Composed of Ordinary Shares of NIS 0.01 par value, as follows:

	Number of shares 31 December	
	2019	2018
Authorised	300,000,000	300,000,000
Issued and fully paid	114,888,377	114,888,377
Less treasury shares*	(5,857,675)	(1,111,109)
Outstanding shares	109,030,702	113,777,268

* Number of shares that was repurchased by the Company as part of the buyback programmes.

The amounts of dividends for the years 2019 and 2018 declared and distributed by the Company's Board of Directors are as follows:

Date of declaration	Amount of dividend US \$ in millions	Amount of dividend per share US \$	Date of payment to shareholders
14 February 2018	164.9	1.4479	23 July 2018
10 August 2018	157.0	1.3786	22 November 2018
12 February 2019	70.2*	0.6191	9 July 2019
13 August 2019	30.9**	0.2734	28 November 2019

*Between the date of the dividend announcement (12 February 2019) and the record date of the dividend (22 February 2019) the number of issued and outstanding Ordinary Shares of the Company decreased by 225,000 Ordinary Shares from 113,682,268 Ordinary Shares to 113,457,268 Ordinary Shares, as a result of the repurchase by the Company of Ordinary Shares during such period and the classification of such repurchased Ordinary Shares as dormant shares that are not entitled to dividends. Accordingly, 113,457,268 Company Ordinary Shares were entitled to payment of the dividend of \$0.6191 per share on 9 July 2019, resulting in an aggregate dividend to all Company shareholders of \$70.2 million.

**Between the date of the dividend announcement (13 August 2019) and the record date of the dividend (30 August 2019) the number of issued and outstanding Ordinary Shares of the Company decreased by 384,432 Ordinary Shares from 113,289,768 Ordinary Shares to 112,905,336 Ordinary Shares, as a result of the repurchase by the Company of Ordinary Shares during such period and the classification of such repurchased Ordinary Shares as dormant shares that are not entitled to dividends. Accordingly, 112,905,336 Company Ordinary Shares were entitled to payment of the dividend of \$0.2734 per share on 28 November 2019, resulting in an aggregate dividend to all Company shareholders of \$30.9 million.

NOTE 4 - EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year.

	31 December	
	2019	2018
Profit attributable to equity holders of the Company (in U.S dollars)	151,657,311	379,026,541
Weighted average number of Ordinary Shares in issue*	112,460,599	113,895,770

* After weighting the effect of the buyback programme.

Plus500 Ltd.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

NOTE 5 - TRADE PAYABLES - DUE TO CLIENTS

	As of 31 December	
	2019	2018
	U.S. dollars in millions	
Customers deposits, net*	162.8	107.2
Segregated client funds	(162.6)	(106.9)
	0.2	0.3
* Customers deposits, net are comprised of the following:		
Customers deposits	221.1	145.2
Less- financial derivative open positions:		
Gross amount of assets	(68.3)	(46.8)
Gross amount of liabilities	10.0	8.8
	162.8	107.2

* The total amount of 'Trade payables - due to clients' includes bonuses to the clients.

NOTE 6 - CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2019	2018
	U.S. dollars in millions	
Cash generated from operations activities		
Net income for the period	151.7	379.0
Adjustments required to reflect the cash flows from operating activities:		
Depreciation and amortisation	0.6	0.7
Amortisation of right of use assets	1.6	-
Liability for share-based compensation	3.7	8.9
Settlement of share-based compensation	(7.5)	(5.5)
Taxes on income	37.6	124.0
Interest expenses in respect of leases	0.3	-
Exchange differences in respect of leases	0.3	-
Interest income	(4.8)	(4.2)
Foreign exchange losses (gains) on operating activities	(0.3)	0.5
	31.5	124.4
Operating changes in working capital:		
Decrease (increase) in other receivables	0.1	(3.9)
Decrease in trade payables due to clients	(0.1)	(4.2)
Increase (decrease) in other payables	(8.8)	8.0
Decrease in Service suppliers	(4.3)	(8.3)
	(13.1)	(8.4)
Cash flows from operating activities	170.1	495.0

NOTE 7 - SUBSEQUENT EVENTS:

On 12 February 2020 the Company declared a final dividend in an amount of \$40.8 million (\$0.3767 per share). The dividend is due to be paid to the shareholders on 13 July 2020.

On 12 February 2020, the Board has resolved in principle to conduct a new share buyback programme to buy back an amount of up to \$30.0 million of the Company's Ordinary Shares.



Plus500

World's Trading Machine