JPJ Group plc
Results for the Three Months Ended 31 March 2019

Gaming revenue up 13% year-on-year, with adjusted EBITDA up 16%
Trading in line with expectations

LONDON, 15 May 2019 - JPJ Group plc (LSE: JPJ) (the 'Group'), a leading global online bingo-led operator, today announces the results for the three months ended 31 March 2019.

Financial summary[1]

	Three months ended 31 March 2019 (£m)	Three months ended 31 March 2018 (£m)	Change (%)
Gaming revenue	**83.3**	74.0	**13**
Net income/(loss) from continuing operations (as reported under IFRS)	**7.9**	(8.0)	**-**
Adjusted EBITDA[2]	**29.0**	24.9	**16**
Adjusted net income[2]	**22.6**	19.1	**18**
Operating cash flows	**20.6**	24.4	**(16)**
Diluted net income/(loss) per share from continuing operations[3]	**0.11**	(0.11)	**-**
Diluted adjusted net income per share from continuing operations[2,3]	**0.30**	0.26	**15**

Financial highlights for first quarter

- Good financial performance
  - Gaming revenue rose 13% year-on-year, driven by strong organic growth[4] at Vera&John
  - Adjusted EBITDA[2] increased 16% year-on-year highlighting operating leverage at Vera&John
  - Adjusted net income[2] increased by 18% year-on-year
- Strong ongoing cash generation and reduction in net debt
  - Completed the sale of the Mandalay business for £18.0 million on 12 March 2019 - a £12.0 million cash consideration was received upfront with the outstanding £6.0 million to be paid in September 2019
  - Free cash flow[5] of £18.8 million and adjusted net debt[6] of £274.8 million (compared to £302.1 million at 31 December 2018)
  - Adjusted net leverage ratio[7] of 2.44x reduced from 2.68x at 31 December 2018
- Following the positive start to 2019, the Group continues to trade in line with management's expectations

Operational highlights

- Continued improvement in core KPIs[8,9] year-on-year:
  - Average Active Customers per Month[8,9] grew to 242,938 in the twelve months to 31 March 2019, an increase of 8% year-on-year
  - Average Real Money Gaming Revenue per Month[8,9] grew to £25.7 million, an increase of 12% year-on-year
  - Monthly Real Money Gaming Revenue per Average Active Customer[8,9] of £106, an increase of 4% year-on-year

Business segments highlights for Q1 2019

• Jackpotjoy[9] (59% of Group revenue) - Gaming revenue fell by 7% year-on-year principally due to a decline in Jackpotjoy UK (following the introduction of enhanced responsible gambling measures in 2018) and also the intense competitive environment in Sweden; adjusted EBITDA[2] decreased 21% mainly due to increased marketing spend in Spain and the UK, and the negative impact from the introduction of online gaming taxes in Sweden; Starspins and Botemania brands delivered a solid performance and represented 30% of segment revenue

• Vera&John (41% of Group revenue) - Gaming revenue growth of 62% (or 64% on a constant currency basis[10]); a substantial increase in adjusted EBITDA[2] of 234% reflects the scalability of our proprietary technology platform, with distribution and administrative costs growing at 19% and 30%, respectively

Outlook

Trading in the first quarter has been in line with management's expectations and we remain confident in the full-year outlook. Jackpotjoy UK will pass the anniversary of the introduction of enhanced UK responsible gambling measures during the second half of 2019 and the Group continues to generate significant cashflow. Our international markets continue to deliver high growth and Vera&John is well-placed to demonstrate the scalability of its proprietary technology platform.

Neil Goulden, Executive Chairman, commented:

"I'm pleased to report that the Group has delivered another good quarter of growth. Group revenues were up 13%, driven by a strong performance in Vera&John, while adjusted EBITDA[2] increased by 16%. We successfully completed the sale of our Mandalay business to 888 Holdings in March 2019 for £18.0 million, which will allow us to focus on driving progress in our core market-leading brands in the UK. We remain convinced of the growth opportunities in global online gaming markets and are confident that we are well-placed to take advantage of this positive backdrop and deliver value to shareholders. The Board is currently comfortable retaining significant cash on the balance sheet given the optionality which this confers and we will update the market at our interim results with respect to our plans to return cash to shareholders."

Conference call

A conference call for analysts and investors will be held today at 1.00pm BST / 8.00am ET. To participate, interested parties are asked to dial +44 (0) 20 3003 2666 (UK shareholders); +1 800 608-0547 (Canada); or +1 866 966-5335 (US), 10 minutes prior to the scheduled start of the call using the reference "JPJ".

A replay of the conference call will be available for 30 days by dialling +44 (0) 20 8196 1998 or +1 866 583-1039 and using reference 0925310#. A transcript will also be made available on JPJ Group plc's website at www.jpjgroup.com/investors.

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Note regarding non-IFRS financial measures

The following non-IFRS definitions are used in this release because management believes that they provide additional useful information regarding ongoing operating and financial performance. Readers are cautioned that the definitions are not recognised measures under IFRS, do not have standardised meanings prescribed by IFRS, and should not be considered in isolation or construed to be alternatives to revenues and net income/(loss) and comprehensive income/(loss) for the period determined in accordance with IFRS or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities. Accordingly, our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions. For details regarding the reconciliations from these non-IFRS measures, refer to the information under the 'Adjusted EBITDA, Adjusted Net Income, and Diluted Adjusted Net Income per share for the three months ended 31 March 2019 and 2018 - continuing operations' and 'Summary of results by segment - continuing operations: Results by segment' sections of this release.

Adjusted EBITDA, as defined by the Group, is income from continuing operations before interest expense including accretion (net of interest income), income taxes, amortisation and depreciation, share-based compensation, severance costs, fair value adjustments on contingent consideration, transaction related costs and foreign exchange (gain)/loss. Management believes that Adjusted EBITDA is an important indicator of the issuer's ability to generate liquidity to service outstanding debt and fund the remaining acquisition milestone payment and uses this metric for such purpose. The exclusion of share-based compensation eliminates non-cash items and the exclusion of fair value adjustments on contingent consideration, severance costs, transaction related costs and foreign exchange (gain)/loss eliminates items which management believes are either non-operational and/or non-routine.

Adjusted Net Income, as defined by the Group, means net income from continuing operations plus or minus items of note that management may reasonably quantify and believes will provide the reader with a better understanding of the Group's underlying business performance. Adjusted Net Income is calculated by adjusting net income for accretion on financial liabilities, amortisation of acquisition related purchase price intangibles (including non-compete clauses), share-based compensation, severance costs, fair value adjustments on contingent consideration, transaction related costs and foreign exchange (gain)/loss. The exclusion of accretion on financial liabilities and share-based compensation eliminates the non-cash items and the exclusion of amortisation of acquisition related purchase price intangibles (including non-compete clauses), fair value adjustments on contingent consideration, severance costs, transaction related costs and foreign exchange (gain)/loss eliminates items which management believes are non-operational and/or non-routine. Adjusted Net Income is considered by some investors and analysts for the purpose of assisting in valuing a company.

Diluted Adjusted Net Income per share, as defined by the Group, means Adjusted Net Income divided by the diluted weighted average number of shares outstanding, calculated using the IFRS treasury method, for the applicable period. Management believes that Diluted Adjusted Net Income per share assists with the Group's ability to analyse Adjusted Net Income on a diluted weighted average per share basis.

Cautionary Note Regarding Forward-Looking Information

This release contains certain information and statements that may constitute 'forward-looking information' (including future-oriented financial information and financial outlooks) within the meaning of applicable laws, including Canadian securities laws. Often, but not always, forward-looking information can be identified by the use of words such as 'plans', 'expects', 'estimates', 'projects', 'predicts', 'targets', 'seeks', 'intends', 'anticipates', 'believes', or 'is confident of' or the negative of such words or other variations of or synonyms for such words, or state that certain actions, events or results 'may', 'could', 'would', 'should', 'might' or 'will' be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance, achievements or developments to be materially different from those *anticipated by the Group and expressed or implied by the forward-looking statements. Forward-looking information contained in this release includes, but is not limited to, statements with respect to the Group's future financial performance, the future prospects of the Group's business and operations, the Group's growth opportunities and the execution of its growth strategies, the Group's milestone payment obligations, the future performance of the Jackpotjoy segment, the possibility of the Group drawing on the RCF, and the statements made under the heading 'Outlook' of this release. Certain of these statements may constitute a financial outlook within the meaning of Canadian securities laws. These statements reflect the Group's current expectations related to future events or its future results, performance, achievements or developments, and future trends affecting the Group. All such statements, other than statements of historical fact, are forward-looking information. Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, the ability of the Group to secure, maintain and comply with all required licences, permits and certifications to carry out business in the jurisdictions in which it currently operates or intends to operate; governmental and regulatory actions, including the introduction of new laws or changes in laws (or the interpretation thereof) related to online gaming; general business, economic and market conditions (including market growth rates and the withdrawal of the UK from the European Union); the Group operating in foreign jurisdictions; the competitive environment; the expected growth of the online gaming market and potential new market opportunities; anticipated and unanticipated costs; the protection of the Group's intellectual property rights; the Group's ability to successfully integrate and realise the benefits of its completed acquisitions, the amount of expected milestone payments required to be made; the Group's continued relationship with the Gamesys group and other third parties; the ability of the Group to service its debt obligations; and the ability of the Group to obtain additional financing, if, as and when required. Such statements could also be materially affected by risks relating to the lack of available and qualified personnel or management; stock market volatility; taxation policies; competition; foreign operations; the Group's limited operating history and the Group's ability to access sufficient capital from internal or external sources. However, whether actual results and developments will conform with the expectations and predictions contained in the forward-looking information is subject to a number of risks and uncertainties, many of which are beyond the Group's control, and the effects of which can be difficult to predict, including that the assumptions outlined above may not be accurate. For a description of additional risk factors, see Schedule 'A' attached to JPJ Group plc's most recently filed annual information form. Although the Group has attempted to identify important factors that could cause actual results, performance, achievements or developments to differ materially from those described in forward-looking statements, there may be other factors that cause actual results, performance, achievements or developments not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance, achievement or developments are likely to differ, and may differ materially, from those expressed in or implied by the forward-looking information contained in this release. Accordingly, readers should not place undue reliance on forward-looking information. While subsequent events and developments may cause the Group's expectations, estimates and views to change, the Group does not undertake or assume any obligation to update or revise any forward-looking information, except as required by applicable securities laws. The forward-looking information contained in this release should not be relied upon as representing the Group's expectations, estimates and views as of any date subsequent to the date of this release. The forward-looking information contained in this release is expressly qualified by this cautionary statement. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.*

Any future-oriented financial information or financial outlooks in this release (including any such information or outlooks under the heading 'Outlook' on page 2 of this release) are based on certain assumptions regarding *expected growth, results of operations, performance, and business prospects and opportunities. While the Group considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. These risks, uncertainties and other factors include, but are not limited to: credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, and interest rates or tax rates.*

Financial Review

Gaming revenue

The Group's gaming revenue during the three months ended 31 March 2019 consisted of:

- £49.1 million in revenue earned from Jackpotjoy's[9] operational activities.
- £34.2 million in revenue earned from Vera&John's operational activities.

The Group's gaming revenue during the three months ended 31 March 2018 consisted of:

- £52.8 million in revenue earned from Jackpotjoy's[9] operational activities.
- £21.2 million in revenue earned from Vera&John's operational activities.

The increase in gaming revenue for the three months ended 31 March 2019 in comparison with the three months ended 31 March 2018 relates to organic growth[4] of the Vera&John segment, where gaming revenue increased by 62%.

Costs and expenses

	Three month period ended 31 March 2019 (£000's)	Three month period ended 31 March 2018 (£000's)
Distribution costs	**41,338**	38,171
Administrative costs	**26,623**	24,800
Severance costs	**-**	450
Transaction related costs	**1,115**	-
	69,076	63,421

Distribution costs

	Three month period ended 31 March 2019 (£000's)	Three month period ended 31 March 2018 (£000's)
Selling and marketing	**14,940**	13,939
Licensing fees	**11,031**	9,808
Gaming taxes	**9,973**	10,495
Processing fees	**5,394**	3,929
	41,338	38,171

Selling and marketing expenses consist of payments made to affiliates and general marketing expenses related to each brand. Licensing fees consist of the fees for the Jackpotjoy[9] segment to operate on its platforms and game suppliers' fees paid by both the Vera&John and Jackpotjoy[9] segments. Gaming taxes largely consist of point of consumption taxes, payable in the regulated jurisdictions that the Group operates in. Processing fees consist of costs associated with using payment providers and include payment service provider transaction and handling costs, as well as deposit and withdrawal fees. With the exception of selling and marketing expenses, distribution costs tend to be variable in relation to revenue.

The increase in distribution costs for the three months ended 31 March 2019 compared to the same period in 2018 is mainly due to increased revenue and increased marketing spend in the

Jackpotjoy[9] segment. Variance in gaming taxes from the prior period relates to a decline in revenue achieved by the Jackpotjoy UK brand as a result of enhanced responsible gambling measures introduced in the UK in Q2 2018.

Administrative costs

	Three month period ended 31 March 2019 (£000's)	Three month period ended 31 March 2018 (£000's)
Compensation and benefits	**9,105**	7,529
Professional fees	**1,108**	1,270
General and administrative	**2,791**	2,310
Amortisation and depreciation	**13,619**	13,691
	26,623	24,800

Compensation and benefits costs consist of salaries, wages, bonuses, directors' fees, benefits and share-based compensation expense. The increase in these expenses for the three months ended 31 March 2019 compared to the same period in 2018 is due to additional staff hired as the business continues to grow.

Professional fees consist mainly of legal, accounting and audit fees. These fees for the three months ended 31 March 2019 are consistent compared to the same period in 2018.

General and administrative expenses consist of items, such as travel and accommodation, insurance, listing authority fees, technology and development costs, and other office overhead charges. The increase in these costs for the three months ended 31 March 2019 compared to the same period in 2018 can be attributed to higher office overhead costs.

Amortisation and depreciation expenses consist of amortisation of the Group's intangible assets and depreciation of the Group's tangible assets over their useful lives. The slight decrease in amortisation and depreciation in the current period is due to the fact that amortisation expense related to purchase price intangibles recognised in prior periods decreases with each passing period of their useful lives as a result of the amortisation method used. The decrease is marginally offset by additional amortisation recognised as a result of adoption of IFRS 16.

Transaction related costs

Transaction related costs consist of legal, professional, due diligence, other direct costs/fees associated with transactions and acquisitions or disposals contemplated or completed by the Group.

Business unit results

Jackpotjoy[9]

	Q1 2019 (£000's)	Q1 2018 (£000's)	Variance (£000's)	Variance %
Gaming revenue	**49,079**	52,837	(3,758)	(7%)
Distribution costs	**26,195**	25,459	736	3%
Administrative costs	**4,102**	3,502	600	17%
Adjusted EBITDA[2]	**18,782**	23,876	(5,094)	(21%)

Gaming revenue for the Jackpotjoy[9] segment for the three months ended 31 March 2019 was 7% lower than in the same period in 2018 primarily due to a decline in the Jackpotjoy UK brand, which accounted for 67% (three months ended 31 March 2018 - 68%) of the segment's revenue. The decrease was marginally offset by an increase in the Starspins brand, which accounted for 14% (three months ended 31 March 2018 - 12%) of this segment's revenue.

The slight increase in distribution costs for the three months ended 31 March 2019 compared to the same period in 2018 was driven by an increase in marketing spend in Spain and the UK.

The increase in administrative costs for the three months ended 31 March 2019 compared to the same period in 2018 was mainly driven by increases in compensation and administrative overhead costs.

Vera&John

	Q1 2019 (£000's)	Q1 2018 (£000's)	Variance (£000's)	Variance %
Gaming revenue	**34,213**	21,171	13,042	62%
Distribution costs	**15,118**	12,710	2,408	19%
Administrative costs	**5,811**	4,485	1,326	30%
Adjusted EBITDA[2]	**13,284**	3,976	9,308	234%

Gaming revenue for the Vera&John segment for the three months ended 31 March 2019 increased by 62% compared to the same period in 2018 due to organic growth[4]. On a constant currency basis[10], revenue increased by 64% for the three months ended 31 March 2019 compared to the same period in 2018.

Distribution costs increased by 19% for the three months ended 31 March 2019 compared to the same period in 2018 as a result of higher revenues achieved.

The increase in administrative costs for the three months ended 31 March 2019 compared to the same period in 2018 was mainly driven by increases in personnel costs and administrative overhead costs as the segment continues to grow.

Unallocated Corporate Costs

Adjusted EBITDA[2] on Unallocated Corporate Costs was flat for the three months ended 31 March 2019 compared to the same period in 2018.

Net loss on Unallocated Corporate Costs decreased from £21.2 million to £10.1 million for the three months ended 31 March 2019 compared to the same period in 2018. This decrease is primarily related to lower fair value adjustments on contingent consideration due to the fact that the final earn-out period ended in Q1 2018, leaving only the fair value adjustment on the remaining milestone payment to be recognised in the current period.

Costs included in net loss which are excluded from the Adjusted EBITDA[2] measure are discussed on page 4 of this release.

Key performance indicators

Average Active Customers is a key performance indicator used by management to assess real money customer acquisition and real money customer retention efforts of each of the Group's brands. The Group defines Average Active Customers ('Average Active Customers') as being real money customers who have placed at least one bet in a given month. 'Average Active Customers per Month' is the Average Active Customers per month, averaged over a twelve-month period. While this measure is not recognised by IFRS, management believes that it is a meaningful indicator of the Group's ability to acquire and retain customers.

Total Real Money Gaming Revenue and Average Real Money Gaming Revenue per Month are key performance indicators used by management to assess revenue earned from real money gaming operations of the business. The Group defines Total Real Money Gaming Revenue ('Total Real Money Gaming Revenue') as revenue less revenue earned from B2B and affiliate websites. The Group defines Average Real Money Gaming Revenue per Month ('Average Real Money Gaming Revenue per Month') as Real Money Gaming Revenue per month, averaged over a twelve-month period. While these measures are not recognised by IFRS, management believes that they are meaningful indicators of the Group's real money gaming operational results.

Monthly Real Money Gaming Revenue per Average Active Customer is a key performance indicator used by management to assess the Group's ability to generate Real Money Gaming Revenue on a per customer basis. The Group defines Monthly Real Money Gaming Revenue per Average Active Customer ('Monthly Real Money Gaming Revenue per Average Active Customer') as being Average Real Money Gaming Revenue per Month divided by Average Active Customers per Month. While this measure is not recognised by IFRS, management believes that it is a meaningful indicator of the Group's ability to generate Total Real Money Gaming Revenue.

	Twelve months ended 31 March 2019	Twelve months ended 31 March 2018	Variance	Variance %
Average Active Customers per Month (#)	**242,938**	224,067	18,871	8%
Total Real Money Gaming Revenue (£000's) (1)	**308,201**	275,440	32,761	12%
Average Real Money Gaming Revenue per Month (£000's)	**25,683**	22,953	2,730	12%
Monthly Real Money Gaming Revenue per Average Active Customer (£)	**106**	102	4	4%

(1) Total Real Money Gaming Revenue for the twelve months ended 31 March 2019 consists of total revenue less revenue earned from B2B and affiliate websites of £9.3 million (31 March 2018 - £6.7 million).

Monthly Real Money Gaming Revenue per Average Active Customer increased by 4% period-over-period which is in line with the Group's overall customer acquisition and retention strategy.

INDEPENDENT REVIEW REPORT TO JPJ GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the three months ended 31 March 2019 which comprises the Interim Condensed Consolidated Statements of Comprehensive Income, the Interim Condensed Consolidated Balance Sheets, the Interim Condensed Consolidated Statements of Changes in Equity, the Interim Condensed Consolidated Statement of Cash Flows and the related notes.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim financial report is the responsibility of and has been approved by the directors.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board and International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the International Auditing and Assurance Standards Board and International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing or International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the three months ended 31 March 2019 is not prepared, in all material respects, with International Accounting Standard 34 as issued by the International Accounting Standards Board and International Accounting Standard 34, as adopted by the European Union.

BDO LLP
Chartered Accountants
London
15 May 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended 31 March 2019	Three months ended 31 March 2018
	(£000's)	(£000's)
Gaming revenue[4]	**83,292**	74,008
Costs and expenses		
Distribution costs[4,5]	**41,338**	38,171
Administrative costs[5]	**26,623**	24,800
Severance costs[4]	**-**	450
Transaction related costs[4]	**1,115**	-
Foreign exchange loss[4]	**227**	363
Total costs and expenses	**69,303**	63,784
Fair value adjustments on contingent consideration[17]	**460**	11,450
Interest income[7]	**(99)**	(85)
Interest expense[7]	**4,922**	4,939
Accretion on financial liabilities[7]	**343**	1,537
Financing expenses	**5,626**	17,841
Net income/(loss) for the period before taxes from continuing operations	**8,363**	(7,617)
Current tax provision	**558**	471
Deferred tax recovery	**(91)**	(99)
Net income/(loss) for the period after taxes from continuing operations	**7,896**	(7,989)
Net (loss)/income from discontinued operations[6]	**(1,318)**	242
Net income/(loss) for the period attributable to owners of the parent	**6,578**	(7,747)
Other comprehensive income/(loss): Items that will or may be reclassified to profit or loss in subsequent periods		
Foreign currency translation gain/(loss)	**321**	(883)
Unrealised loss on interest rate swap[12]	**(781)**	(415)
Total comprehensive income/(loss) for the period attributable to owners of the parent	**6,118**	(9,045)
Net income/(loss) for the period per share		
Basic[8]	**£0.09**	£(0.10)
Diluted[8]	**£0.09**	£(0.10)
Net income/(loss) for the period per share - continuing operations		
Basic	**£0.11**	£(0.11)

Diluted	**£0.11**	£(0.11)

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	**As at 31 March 2019 (£000's)**	As at 31 December 2018 (£000's)
Current assets		
Cash[9,17]	**106,146**	84,383
Restricted cash[9,17]	**9,458**	6,161
Customer deposits[17]	**13,053**	9,032
Trade and other receivables[10,17]	**24,826**	17,070
Taxes receivable	**7,141**	7,313
Total current assets	**160,624**	123,959
Non-current assets		
Tangible assets	**2,049**	2,232
Intangible assets[13]	**208,770**	226,324
Goodwill[13]	**271,992**	288,355
Right-of-use assets[3]	**2,939**	-
Other long-term receivables[11,17]	**5,021**	5,036
Total non-current assets	**490,771**	521,947
Total assets	**651,395**	645,906
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities[14,17]	**17,859**	20,606
Other short-term payables[12,15,17,18]	**10,278**	9,709
Interest payable[17]	**85**	264
Payable to customers[17]	**13,053**	9,032
Current portion of contingent consideration[17]	**5,000**	4,540
Provision for taxes	**7,789**	8,169
Total current liabilities	**54,064**	52,320
Non-current liabilities		
Other long-term payables[12,17,18]	**880**	1,817
Lease liabilities[3]	**2,958**	-
Deferred tax liability	**986**	1,196
Long-term debt[16,17]	**366,495**	371,450
Total non-current liabilities	**371,319**	374,463
Total liabilities	**425,383**	426,783
Equity		
Retained earnings	**189,216**	182,435

Share capital[19]	**7,445**	7,434
Share premium	**2,738**	2,068
Other reserves	**26,613**	27,186
Total equity	**226,012**	219,123
Total liabilities and equity	**651,395**	645,906

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital (£000's)	Share Premium (£000's)	Merger Reserve (£000's)	Redeemable Shares (£000's)	Share-Based Payment Reserve (£000's)	Translation Reserve (£000's)	Hedge Reserve (£000's)	(Deficit)/ Retained Earnings (£000's)	Total (£000's)
Balance at 1 January 2018	**7,407**	**1,342**	**(6,111)**	**-**	**9,971**	**23,649**	**-**	**167,799**	**204,057**
Comprehensive loss for the period:									
Net loss for the period (continued and discontinued operations)	-	-	-	-	-	-	-	(7,747)	(7,747)
Other comprehensive loss	-	-	-	-	-	(883)	(415)	-	(1,298)
Total comprehensive loss for the period:	**-**	**-**	**-**	**-**	**-**	**(883)**	**(415)**	**(7,747)**	**(9,045)**
Contributions by and distributions to shareholders:									
Conversion of debentures	6	186	-	-	-	-	-	-	192
Exercise of options	14	379	-	-	(110)	-	-	110	393
Share-based compensation	-	-	-	-	156	-	-	-	156

Total contributions by and distributions to shareholders:	**20**	**565**	**-**	**-**	**46**	**-**	**-**	**110**	**741**
Balance at 31 March 2018	**7,427**	**1,907**	**(6,111)**	-	**10,017**	**22,766**	**(415)**	**160,162**	**195,753**
Balance at 1 January 2019	**7,434**	**2,068**	**(6,111)**	**-**	**10,395**	**24,043**	**(1,141)**	**182,435**	**219,123**
Comprehensive income/(loss) for the period:									
Net income for the period (continued and discontinued operations)	-	-	-	-	-	-	-	6,578	6,578
Other comprehensive income/(loss)	-	-	-	-	-	321	(781)	-	(460)
Total comprehensive income/(loss) for the period:	**-**	**-**	**-**	**-**	**-**	**321**	**(781)**	**6,578**	**6,118**
Contributions by and distributions to shareholders:									
Exercise of options[19]	11	670	-	-	(203)	-	-	203	681
Share-based compensation[19]	-	-	-	-	90	-	-	-	90
Total contributions by and distributions to shareholders:	**11**	**670**	**-**	**-**	**(113)**	**-**	**-**	**203**	**771**

Balance at 31 March 2019	**7,445**	**2,738**	**(6,111)**	**-**	**10,282**	**24,364**	**(1,922)**	**189,216**	**226,012**

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended 31 March 2019	Three months ended 31 March 2018
	(£000's)	(£000's)
Operating activities		
Net income/(loss) for the period	**6,578**	(7,747)
Add (deduct) items not involving cash		
Amortisation and depreciation	**14,707**	15,563
Share-based compensation expense[19]	**90**	156
Current tax provision	**558**	471
Deferred tax recovery	**(91)**	(99)
Interest expense, net[7]	**5,166**	6,391
Fair value adjustments on contingent consideration[17]	**460**	11,450
Foreign exchange loss	**227**	410
Loss on sale of discontinued operation, net of tax[6]	**26**	-
	27,721	26,595
Restriction of cash balances	**(3,592)**	(75)
Increase in trade and other receivables	**(1,595)**	(240)
Reduction in other long-term receivables	**15**	180
Reduction in accounts payable and accrued liabilities	**(1,762)**	(625)
Increase/(reduction) in other short-term payables	**569**	(1,483)
Cash generated from operations	**21,356**	24,352
Income taxes paid	**(727)**	-
Total cash provided by operating activities	**20,629**	24,352
Financing activities		
Proceeds from exercise of options	**681**	393
Lease payments	**(272)**	-
Repayment of non-compete liability[18]	**(2,000)**	(2,000)
Interest repayment	**(5,008)**	(4,926)
Total cash used in financing activities	**(6,599)**	(6,533)
Investing activities		
Purchase of tangible assets	**(602)**	(74)
Purchase of intangible assets	**(1,227)**	(1,087)
Proceeds from sale of intangible assets	**-**	1,450
Disposal of discontinued operation[6]	**12,000**	-
Total cash provided by investing activities	**10,171**	289
Net increase in cash during the period	**24,201**	18,108
Cash, beginning of period	**84,383**	59,033
Exchange loss on cash and cash equivalents	**(2,438)**	(910)
Cash, end of period	**106,146**	76,231

See accompanying notes

SUPPLEMENTARY NOTES FOR THREE MONTHS ENDED 31 MARCH 2019

1. Corporate information

JPJ Group plc is an online gaming holding company that was incorporated under the *Companies Act 2006*(England and Wales) on 29 July 2016. JPJ Group plc's registered office is located at 35 Great St. Helen's, London, United Kingdom. Unless the context requires otherwise, use of 'Group' in these accompanying notes means JPJ Group plc and its subsidiaries, as applicable.

The Group currently offers bingo, casino and other games to its customers using the Jackpotjoy, Starspins, Botemania, Vera&John, InterCasino, Solid Gaming and other brands. The Jackpotjoy, Starspins, and Botemania brands operate off proprietary software owned by the Gamesys group, the Group's principal B2B software and support provider. The Vera&John, InterCasino and Solid Gaming brands operate off proprietary software owned by the Group.

These Unaudited Interim Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors of JPJ Group plc on 15 May 2019.

2. Basis of preparation

Basis of presentation

These Unaudited Interim Condensed Consolidated Financial Statements have been prepared by management on a going concern basis, are presented in compliance with International Accounting Standard ('IAS') 34 - *Interim Financial Reporting*, and have been prepared on a basis consistent with the accounting policies and methods used and disclosed in JPJ Group plc's consolidated financial statements for the year ended 31 December 2018 (the 'Annual Financial Statements'), except as described below. Certain information and disclosures normally included in the Annual Financial Statements prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, and in accordance with IFRS as issued by the International Accounting Standards Board, have been omitted or condensed.

These Unaudited Interim Condensed Consolidated Financial Statements should be read in conjunction with the Annual Financial Statements. All defined terms used herein are consistent with those terms as defined in the Annual Financial Statements.

These Unaudited Interim Condensed Consolidated Financial Statements have been prepared under the historical cost convention, other than for the measurement at fair value of the Group's Interest Rate Swap, contingent consideration, certain hedged loan instruments, and certain loans receivable.

The comparative financial information for the year ended 31 December 2018 in these Unaudited Interim Condensed Consolidated Financial Statements does not constitute statutory accounts for that year. The auditors' report on the statutory accounts for the year ended 31 December 2018 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498(2) or 498(3) of the *Companies Act 2006*.

3. Summary of significant accounting policies

For a description of the Group's significant accounting policies, critical accounting estimates and assumptions, and related information see notes 3 and 4 to the Annual Financial Statements. Other than as described below, there have been no changes to the Group's significant accounting policies or critical accounting estimates and assumptions during the three months ended 31 March 2019.

Leases

Effective from 1 January 2019, the Group adopted IFRS 16 - *Leases* ('IFRS 16'), which replaces IAS 17 - *Leases* and related interpretations.

The Group elected to apply the modified retrospective approach which does not require restatement of comparative periods. As a result, lease liabilities were recognised in the opening consolidated balance sheet as at 1 January 2019 at an amount equal to the Group's remaining lease payments discounted using the Group's incremental borrowing rate. Additionally, the Group elected to measure right-of-use assets by reference to the measurement of the lease liabilities on the same date. As a result, net assets were not impacted. There was also no impact on the Group's equity at 1 January 2019.

On 1 January 2019, the Group recognised right-of-use assets and lease liabilities of £3.2 million.

Under IFRS 16, the Group amortises its right-of-use assets and accretes interest on its lease liabilities. As at 31 March 2019, the carrying value of the right-of-use assets amounted to £2.9 million and the carrying value of lease liabilities amounted to £3.0 million.

4. Segment information

As discussed in note 6, the Group sold its Mandalay business in the current period and it sold its social gaming business in the period ended 30 September 2018. All current period and 2018 comparative segment figures have been restated accordingly. The Mandalay and social gaming businesses were previously reported as part of the Jackpotjoy segment.

The following tables present selected financial results for each segment and the Unallocated Corporate Costs:

Three months ended 31 March 2019:

	Jackpotjoy (£000's)	Vera&John (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Gaming revenue	**49,079**	**34,213**	**-**	**83,292**
Distribution costs	26,195	15,118	25	41,338
Amortisation and depreciation	10,690	2,697	232	13,619
Compensation, professional, and general and administrative expenses	4,102	5,811	3,091	13,004
Transaction related costs	-	7	1,108	1,115
Foreign exchange (gain)/loss	(93)	348	(28)	227
Financing, net	9	(2)	5,619	5,626
Income/(loss) for the period before taxes from continuing operations	**8,176**	**10,234**	**(10,047)**	**8,363**
Taxes	-	389	78	467
Net income/(loss) for the period after taxes from continuing operations	**8,176**	**9,845**	**(10,125)**	**7,896**
Net income/(loss) for the period after taxes from continuing operations	**8,176**	**9,845**	**(10,125)**	**7,896**
Interest expense/(income), net	9	(2)	4,816	4,823
Accretion on financial liabilities	-	-	343	343
Taxes	-	389	78	467
Amortisation and depreciation	10,690	2,697	232	13,619
EBITDA	**18,875**	**12,929**	**(4,656)**	**27,148**
Share-based compensation	-	-	90	90
Fair value adjustments on contingent consideration	-	-	460	460
Transaction related costs	-	7	1,108	1,115
Foreign exchange (gain)/loss	(93)	348	(28)	227
Adjusted EBITDA	**18,782**	**13,284**	**(3,026)**	**29,040**

Net income/(loss) for the period after taxes from continuing operations	**8,176**	**9,845**	**(10,125)**	**7,896**
Share-based compensation	-	-	90	90
Fair value adjustments on contingent consideration	-	-	460	460
Transaction related costs	-	7	1,108	1,115
Foreign exchange (gain)/loss	(93)	348	(28)	227
Amortisation of acquisition related purchase price intangibles	10,651	1,827	-	12,478
Accretion on financial liabilities	-	-	343	343
Adjusted net income/(loss)	**18,734**	**12,027**	**(8,152)**	**22,609**

Three months ended 31 March 2018:

	Jackpotjoy (£000's)	Vera&John (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Gaming revenue	**52,837**	**21,171**	**-**	**74,008**
Distribution costs	25,459	12,710	2	38,171
Amortisation and depreciation	11,201	2,398	92	13,691
Compensation, professional, and general and administrative expenses	3,502	4,485	3,122	11,109
Severance costs	-	450	-	450
Foreign exchange loss	155	110	98	363
Financing, net	2	(36)	17,875	17,841
Income/(loss) for the period before taxes from continuing operations	**12,518**	**1,054**	**(21,189)**	**(7,617)**
Taxes	-	358	14	372
Net income/(loss) for the period after taxes from continuing operations	**12,518**	**696**	**(21,203)**	**(7,989)**
Net income/(loss) for the period after taxes from continuing operations	**12,518**	**696**	**(21,203)**	**(7,989)**
Interest expense/(income), net	2	(36)	4,888	4,854
Accretion on financial liabilities	-	-	1,537	1,537
Taxes	-	358	14	372
Amortisation and depreciation	11,201	2,398	92	13,691
EBITDA	**23,721**	**3,416**	**(14,672)**	**12,465**
Share-based compensation	-	-	156	156
Severance costs	-	450	-	450
Fair value adjustments on contingent consideration	-	-	11,450	11,450
Foreign exchange loss	155	110	98	363
Adjusted EBITDA	**23,876**	**3,976**	**(2,968)**	**24,884**
Net income/(loss) for the period after taxes from continuing operations	**12,518**	**696**	**(21,203)**	**(7,989)**
Share-based compensation	-	-	156	156
Severance costs	-	450	-	450
Fair value adjustments on contingent consideration	-	-	11,450	11,450
Foreign exchange loss	155	110	98	363
Amortisation of acquisition related purchase price intangibles	11,201	1,980	-	13,181
Accretion on financial liabilities	-	-	1,537	1,537

Adjusted net income/(loss)	**23,874**	**3,236**	**(7,962)**	**19,148**

The following table presents net assets per segment and Unallocated Corporate Costs as at 31 March 2019:

	Jackpotjoy (£000's)	Vera&John (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Current assets	38,837	62,756	59,031	160,624
Goodwill	217,049	54,943	-	271,992
Other non-current assets	185,966	26,651	6,162	218,779
Total assets	**441,852**	**144,350**	**65,193**	**651,395**
Current liabilities	22,225	23,157	8,682	54,064
Non-current liabilities	686	1,872	368,761	371,319
Total liabilities	**22,911**	**25,029**	**377,443**	**425,383**
Net assets	**418,941**	**119,321**	**(312,250)**	**226,012**

The following table presents net assets per segment and Unallocated Corporate Costs as at 31 December 2018:

	Jackpotjoy (£000's)	Vera&John (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Current assets	18,055	54,394	51,510	123,959
Goodwill	231,322	57,033	-	288,355
Other non-current assets	200,642	28,152	4,798	233,592
Total assets	**450,019**	**139,579**	**56,308**	**645,906**
Current liabilities	19,758	25,788	6,774	52,320
Non-current liabilities	-	1,196	373,267	374,463
Total liabilities	**19,758**	**26,984**	**380,041**	**426,783**
Net assets	**430,261**	**112,595**	**(323,733)**	**219,123**

During the three months ended 31 March 2019 and 2018, revenue was earned from customers located in the following locations: United Kingdom - 49% (three months ended 31 March 2018 - 60%), Japan - 25% (three months ended 31 March 2018 - 12%), Spain - 10% (three months ended 31 March 2018 - 11%), Sweden - 5% (three months ended 31 March 2018 - 8%), rest of Europe - 7% (three months ended 31 March 2018 - 6%), rest of world - 4% (three months ended 31 March 2018 - 3%).

During the three months ended 31 March 2019, the Group's B2B Revenue, Affiliate Revenue and Game Aggregation Revenue comprised 3% (three months ended 31 March 2018 - 3%) of total Group revenues, with the remaining portion being revenues earned from Net Gaming Revenue operations.

Non-current assets by geographical location as at 31 March 2019 were as follows: Europe £81.6 million (31 December 2018 - £85.2 million) and Americas £409.2 million (31 December 2018 - £436.8 million).

5. Costs and expenses

As discussed in note 6, the Group sold its Mandalay business in the current period and its social gaming business in the period ended 30 September 2018. All current year-to-date and 2018 comparative figures have been restated accordingly.

	Three months ended 31 March 2019 (£000's)	Three months ended 31 March 2018 (£000's)
Distribution costs:		
Selling and marketing	**14,940**	13,939
Licensing fees	**11,031**	9,808
Gaming taxes	**9,973**	10,495
Processing fees	**5,394**	3,929
	41,338	38,171
Administrative costs:		
Compensation and benefits	**9,105**	7,529
Professional fees	**1,108**	1,270
General and administrative	**2,791**	2,310
Tangible asset depreciation	**437**	109
Intangible asset amortisation	**13,182**	13,582
	26,623	24,800

6. Discontinued operations

On 12 March 2019, the Group completed the sale of its Mandalay business for consideration of £18.0 million. The Mandalay business was not previously classified as held-for-sale. As discussed in note 7 of the Annual Financial Statements, the Group disposed of its social gaming business in the period ended 30 September 2018. The comparative unaudited interim condensed consolidated statements of comprehensive income are presented below to show the Mandalay and social gaming business discontinued operations separately from continuing operations. The results of the Mandalay and social gaming businesses have been excluded from notes 4 and 5 above.

Results of discontinued operations

	Three months ended 31 March 2019 (£000's)	Three months ended 31 March 2018 (£000's)
Gaming revenue	**1,582**	3,707
Social gaming revenue	**-**	2,957
Expenses	**2,874**	6,422
Results from operating activities	**(1,292)**	242
Income tax	**-**	-
(Loss)/income for the period	**(1,292)**	242
Loss on disposal of discontinued operations	**(26)**	-
Income tax on loss on sale of discontinued operations	**-**	-
(Loss)/income from discontinued operations, net of tax	**(1,318)**	242
Basic (loss)/income per share	**(£0.02)**	£0.01
Diluted (loss)/income per share	**(£0.02)**	£0.01

Cash flows from discontinued operations

	Three months ended 31 March 2019 (£000's)	Three months ended 31 March 2018 (£000's)

Net cash (used in)/provided by operating activities	**(204)**	2,162
Net cash provided by investing activities	**12,000**	-
Net cash from financing activities	-	-
Net cash flows for the period	**11,796**	2,162

Effect of disposal on the financial position of the Group

	31 March 2019 (£000's)
Non-current assets	3,753
Goodwill	14,273
Net assets	**18,026**
Consideration received, satisfied in cash	12,000
Consideration receivable	6,000
Loss on disposal of discontinued operations	**(26)**

Goodwill disposed of was allocated to the Mandalay business on the basis of earnings before interest, taxes, depreciation and amortisation, relative to that of the overall segment.

7. Interest income/expense

	Three months ended 31 March 2019 (£000's)	Three months ended 31 March 2018 (£000's)
Total interest income	**99**	85
Interest paid and accrued on long-term debt	**4,882**	4,936
Interest paid and accrued on lease liabilities	**40**	-
Interest paid and accrued on convertible debentures	**-**	3
Total interest expense	**4,922**	4,939
Accretion of discount recognised on contingent consideration	**-**	1,023
Interest accretion recognised on convertible debentures	**-**	8
Debt issue costs and accretion recognised on long-term debt	**147**	139
Interest accretion recognised on other long-term liabilities	**196**	367
Total accretion on financial liabilities	**343**	1,537

8. Earnings per share

The following table presents the calculation of basic and diluted earnings per share:

	Three months ended 31 March 2019 (£000's)	Three months ended 31 March 2018 (£000's)
Numerator:		
Net income/(loss) - basic	**6,578**	(7,747)
Net income/(loss) - diluted[1]	**6,578**	(7,747)
Denominator:		
Weighted average number of shares outstanding - basic	**74,341**	74,093
Weighted average effect of dilutive share options	**277**	-
Weighted average number of shares outstanding - diluted[1]	**74,618**	74,093

Instruments, which are anti-dilutive:		
Weighted average effect of dilutive share options	**-**	758
Weighted average effect of convertible debentures	**-**	67
Net income/(loss) per share[2,3]		
Basic	**£0.09**	£(0.10)
Diluted[1]	**£0.09**	£(0.10)

[1] *In the case of a net loss, the effect of share options potentially exercisable on diluted loss per share will be anti-dilutive; therefore, basic and diluted net loss per share will be the same.*

[2] *Basic income/(loss) per share is calculated by dividing the net income/(loss) attributable to owners of the parent by the weighted average number of shares outstanding during the period.*

[3] *Diluted income per share is calculated by dividing the net income attributable to owners of the parent by the weighted average number of shares outstanding during the period and adjusted for the number of potentially dilutive share options and contingently issuable instruments.*

9. Cash and restricted cash

	31 March 2019 (£000's)	31 December 2018 (£000's)
Cash	**106,146**	84,383
Restricted cash	**9,458**	6,161
Total cash balances	**115,604**	90,544

10. Trade and other receivables

Trade and other receivables consist of the following items:

	31 March 2019 (£000's)	31 December 2018 (£000's)
Due from the Gamesys group	**7,014**	8,764
Due from the 888 group*	**7,031**	1,665
B2B and affiliate revenue receivable	**4,490**	2,722
Prepaid expenses	**5,387**	2,925
Other	**1,904**	1,994
Less: expected credit loss provision for trade and other receivables	**(1,000)**	(1,000)
	24,826	17,070

**Includes £6.0 million receivable for the sale of the Mandalay business.*

The following table summarises the Group's expected credit loss on its trade receivables and loan receivables:

	0-30 days (£000's)	31-60 days (£000's)	61-90 days (£000's)	90 days + (£000's)	**Total (£000's)**
Trade and other receivables	-	174	250	249	**673**
Other long-term receivables	-	-	-	327	**327**
	-	174	250	576	**1,000**

11. Other long-term receivables

In connection with the Gaming Realms Transaction, the Group recognised a long-term receivable of £3.6 million (31 December 2018 - £3.6 million) for the secured convertible loan, in accordance with IFRS 9, based on the calculation of fair value at 31 March 2019, as explained in note 17.
As at 31 March 2019, the remaining balance of £1.4 million (31 December 2018 - £1.5 million) relates to a long-term loan receivable by the Group.

12. Interest rate swap

As at 31 March 2019, the fair value of the Interest Rate Swap was a £1.1 million payable (31 December 2018 - £0.5 million). The Group has included £0.2 million of this payable in current liabilities, as shown in note 15 (31 December 2018 - £0.1 million), with the value of the remaining balance, being £0.9 million (31 December 2018 - £0.4 million), included in other long-term payables.

13. Intangible assets and goodwill

As at 31 March 2019

	Gaming licences (£000's)	Customer relationships (£000's)	Software (£000's)	Brand (£000's)	Partnership agreements (£000's)	Non-compete clauses (£000's)	Goodwill (£000's)	Total (£000's)
Cost								
Balance, 1 January 2019	91	320,060	30,955	70,326	12,900	20,434	309,121	**763,887**
Additions	-	-	1,435	-	-	-	-	**1,435**
Disposals (note 6)	-	(27,200)	(350)	(1,610)	-	-	(14,273)	**(43,433)**
Translation	(2)	(974)	(1,269)	(432)	-	-	(2,544)	**(5,221)**
Balance, 31 March 2019	**89**	**291,886**	**30,771**	**68,284**	**12,900**	**20,434**	**292,304**	**716,668**
Accumulated amortisation/impairment								
Balance, 1 January 2019	56	172,574	18,280	13,577	6,080	17,875	20,766	**249,208**
Amortisation	11	8,915	1,554	871	364	2,559	-	**14,274**
Disposals (note 6)	-	(24,700)	(329)	(378)	-	-	-	**(25,407)**
Translation	(19)	(846)	(758)	(92)	-	-	(454)	**(2,169)**
Balance, 31 March 2019	**48**	**155,943**	**18,747**	**13,978**	**6,444**	**20,434**	**20,312**	**235,906**
Carrying value								
Balance, 31 March 2019	**41**	**135,943**	**12,024**	**54,306**	**6,456**	**-**	**271,992**	**480,762**

As at 31 December 2018

	Gaming licences (£000's)	Customer relationships (£000's)	Software (£000's)	Brand (£000's)	Partnership agreements (£000's)	Non-compete clauses (£000's)	Goodwill (£000's)	Total (£000's)
Cost								
Balance, 1 January 2018	93	337,655	25,211	70,019	12,900	20,434	316,386	**782,698**
Additions	-	-	5,318	-	-	-	-	**5,318**
Disposals (note 6)	-	(18,000)	-	-	-	-	(9,638)	**(27,638)**
Translation	(2)	405	426	307	-	-	2,373	**3,509**
Balance, 31 December 2018	**91**	**320,060**	**30,955**	**70,326**	**12,900**	**20,434**	**309,121**	**763,887**

Accumulated amortisation/impairment								
Balance, 1 January 2018	81	139,333	12,551	10,005	4,458	7,661	19,605	**193,694**
Amortisation	44	40,496	5,518	3,502	1,622	10,214	-	**61,396**
Disposals (note 6)	-	(7,635)	-	-	-	-	-	**(7,635)**
Translation	(69)	380	211	70	-	-	1,161	**1,753**
Balance, 31 December 2018	**56**	**172,574**	**18,280**	**13,577**	**6,080**	**17,875**	**20,766**	**249,208**
Carrying value								
Balance, 31 December 2018	**35**	**147,486**	**12,675**	**56,749**	**6,820**	**2,559**	**288,355**	**514,679**

14. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following items:

	31 March 2019 (£000's)	31 December 2018 (£000's)
Affiliate/marketing expenses payable	**5,499**	7,038
Payable to game suppliers	**3,162**	3,181
Compensation payable	**5,314**	5,773
Professional fees	**968**	1,231
Gaming tax payable	**1,499**	1,174
Other	**1,417**	2,209
	17,859	20,606

15. Other short-term payables

Other short-term payables consist of:

	31 March 2019 (£000's)	31 December 2018 (£000's)
Transaction related payables	**1,337**	516
Current portion of other long-term payables (note 18)	**8,292**	8,667
Interest Rate Swap (note 12)	**220**	97
Working capital adjustment payable	**429**	429
	10,278	9,709

16. Credit facilities

	EUR Term Facility (£000's)	**GBP Term Facility (£000's)**	**Total (£000's)**
Balance, 1 January 2018	122,903	246,584	369,487
Accretion*	172	404	576
Foreign exchange translation	1,387	-	1,387
Balance, 31 December 2018	124,462	246,988	371,450
Accretion*	43	104	147
Foreign exchange translation	(5,102)	-	(5,102)
Balance, 31 March 2019	**119,403**	**247,092**	**366,495**
Current portion	-	-	-

Non-current portion	119,403	247,092	366,495

*Effective interest rates are as follows: EUR Term Facility - 4.44%, GBP Term Facility - 6.01%.

17. Financial instruments

The principal financial instruments used by the Group are summarised below:

Financial assets

	Financial assets as subsequently measured at amortised cost	
	31 March 2019 (£000's)	31 December 2018 (£000's)
Cash and restricted cash	**115,604**	90,544
Trade and other receivables	**24,826**	17,070
Other long-term receivables	**1,444**	1,462
Customer deposits	**13,053**	9,032
	154,927	118,108

Financial liabilities

	Financial liabilities as subsequently measured at amortised cost	
	31 March 2019 (£000's)	31 December 2018 (£000's)
Accounts payable and accrued liabilities	**17,859**	20,606
Other short-term payables	**10,058**	9,612
Other long-term payables	-	1,429
Interest payable	**85**	264
Payable to customers	**13,053**	9,032
Long-term debt	**366,495**	371,450
	407,550	412,393

The carrying values of the financial instruments noted above approximate their fair values.

Other financial instruments

	Financial instruments at fair value through profit or loss - assets/(liabilities)	
	31 March 2019 (£000's)	31 December 2018 (£000's)
Interest Rate Swap	**(1,100)**	(485)
Contingent consideration	**(5,000)**	(4,540)
Other long-term receivables	**3,577**	3,574
	(2,523)	(1,451)

Fair value hierarchy

The hierarchy of the Group's financial instruments carried at fair value is as follows:

	Level 2		Level 3	
	31 March 2019 (£000's)	31 December 2018 (£000's)	**31 March 2019 (£000's)**	31 December 2018 (£000's)
Interest Rate Swap	**(1,100)**	(485)	**-**	-
Other long-term receivables	**3,577**	3,574	**-**	-
Contingent consideration	**-**	-	**(5,000)**	(4,540)

The Interest Rate Swap balance represents the fair value of expected cash outflows under the Interest Rate Swap agreement.

Other long-term receivables represent the fair value of the loan receivable from Gaming Realms. The key inputs into the fair value estimation of this balance include the share price of Gaming Realms on the date of cash transfer, a 3.7-year risk-free interest rate of 0.9974%, and an estimated share price return volatility rate of Gaming Realms of 49.2%.

As at 31 March 2019, the entire contingent consideration balance relates to one remaining milestone payment for the Jackpotjoy segment.

The movement in Level 3 financial instruments is detailed below:

	(£000's)
Contingent consideration, 1 January 2018	59,583
Fair value adjustments	7,208
Payments	(63,455)
Accretion of discount	1,204
Contingent consideration, 31 December 2018	4,540
Fair value adjustments	460
Contingent consideration, 31 March 2019	**5,000**
Current portion	5,000
Non-current portion	-

18. Other long-term payables

The Group is required to pay the Gamesys group £24.0 million in equal monthly instalments in arrears over the period from April 2017 to April 2020, for additional non-compete clauses. The Group has included £8.3 million of this payable in current liabilities, as shown in note 15 (31 December 2018 - £8.7 million), with the discounted value of the remaining balance, being £nil (31 December 2018 - £1.4 million), included in other long-term payables. During the three months ended 31 March 2019, the Group has paid a total of £2.0 million (three months ended 31 March 2018 - £2.0 million) in relation to the additional non-compete clauses.

As at 31 March 2019, the other long-term payables figure of £0.9 million (31 December 2018 - £1.8 million) consists of the non-current portion of the Group's Interest Rate Swap (as discussed in note 12).

19. Share capital

As at 31 March 2019, JPJ Group plc's issued share capital consisted of 74,436,010 ordinary shares, each with a nominal value of £0.10.

	Ordinary shares of £0.10	
	(£000's)	#
Balance, 1 January 2018	7,407	74,064,931
Conversion of convertible debentures, net of costs	6	56,499
Exercise of options	21	207,500
Balance, 31 December 2018	7,434	74,328,930
Exercise of options	11	107,080
Balance, 31 March 2019	**7,445**	**74,436,010**

Ordinary shares

During the three months ended 31 March 2019, JPJ Group plc did not issue any additional ordinary shares, except as described below.

Share options

During the three months ended 31 March 2019, nil share options were granted, 107,080 share options were exercised, 73,500 share options were forfeited, and nil share options expired.

During the three months ended 31 March 2019, the Group recorded £nil (three months ended 31 March 2018 - £0.1 million) in share-based compensation expense relating to the share option plan with a corresponding increase in share-based payment reserve.

Long-term incentive plan

During the three months ended 31 March 2019, the Group recorded £0.1 million (three months ended 31 March 2018 - £nil) in share-based compensation expense relating to its long-term incentive plans with a corresponding increase in share-based payment reserve.

20. Contingent liabilities

Indirect taxation

JPJ Group plc subsidiaries may be subject to indirect taxation on transactions that have been treated as exempt supplies of gambling, or on supplies that have been zero rated where legislation provides that the services are received or used and enjoyed in the country where the service provider is located. Revenue earned from customers located in any particular jurisdiction may give rise to further taxes in that jurisdiction. If such taxes are levied, either on the basis of current law or the current practice of any tax authority, or by reason of a change in the law or practice, then this may have a material adverse effect on the amount of tax payable by the Group or on its financial position.

Where it is considered probable that a previously identified contingent liability will give rise to an actual outflow of funds, then a provision is made in respect of the relevant jurisdiction and period impacted. Where the likelihood of a liability arising is considered remote, or the possible contingency is not material to the financial position of the Group, the contingency is not recognised as a liability at the balance sheet date. As at 31 March 2019, the Group had recognised £nil (31 December 2018 - £nil) related to potential contingent indirect taxation liabilities.

[1] All figures in the financial summary, except operating cash flows, exclude Mandalay results. For more information on the sale of the Mandalay assets, please refer to Note 6 - 'Discontinued operations' of the consolidated financial statements on pages 21 and 22 of this release.
[2] This release contains non-IFRS financial measures, which are noted where used. For additional details, including with respect to the reconciliations from these non-IFRS financial measures, please refer to the information under the heading 'Note regarding non-IFRS measures' on page 4 of this release and Note 4 - 'Segment information' of the consolidated financial statements on pages 17 through 20 of this release.
[3] Per share figures are calculated on a diluted weighted average basis using the IFRS treasury method.
[4] Organic growth is growth achieved without accounting for acquisitions or disposals.
[5] Operating cash flow net of capital/intangible asset expenditures/disposals.
[6] Adjusted net debt consists of existing term loan, non-compete clause payout, fair value of swap and contingent consideration liability, less non-restricted cash.
[7] Adjusted net leverage ratio consists of existing term loans, non-compete clause payout, fair value of swap and contingent consideration liability less non-restricted cash divided by LTM to 31 March 2019 adjusted EBITDA of £112.6 million.
[8] For additional details, please refer to the information under the heading 'Key performance indicators' on page 9 of this release.

[9] Excludes results from the Group's Mandalay business, which was sold during the three months ended 31 March 2019.
[10] Constant currency amounts are calculated by applying the same EUR to GBP average exchange rates to both current and prior year comparative figures.