JPJ Group plc
Results for the six months ended 30 June 2019

Gaming revenue grows 14% year-on-year; adjusted EBITDA up 2%
Trading in line with expectations; confident in full year outlook

LONDON, 13 August 2019 - JPJ Group plc (LSE: JPJ) (the 'Group'), a leading global online bingo-led operator, today announces the results for the six months ended 30 June 2019.

Financial summary[1]

	Six months ended 30 June 2019 (£m)	Six months ended 30 June 2018 (£m)	**Reported Change (%)**
Gaming revenue	**169.5**	149.0	**14**
Net income/(loss) from continuing operations (as reported under IFRS)	**5.2**	(0.1)	**-**
Adjusted EBITDA[2]	**54.0**	53.0	**2**
Adjusted net income[2]	**40.8**	41.7	**(2)**
Operating cash flows	**36.1**	48.9	**(26)**
Diluted net income/(loss) per share from continuing operations[3]	**0.07**	(0.00)	**-**
Diluted adjusted net income per share from continuing operations[2,3]	**0.55**	0.56	**(2)**

Financial highlights for first six months

- Strong financial performance
  - Gaming revenue rose 14% year-on-year, driven by strong organic growth[4] at Vera&John
  - Adjusted EBITDA[2] increased 2% year-on-year due to revenue growth and partially offset by expected impact from higher UK gaming taxes
  - Adjusted net income[2] decreased by 2% year-on-year due to higher depreciation on purchased tangible assets and higher amortisation on internally generated intangible assets
- Ongoing cash generation and reduction in net debt
  - Free cash flow[5] of £30.8 million and adjusted net debt[6] of £269.9 million (compared to £302.1 million at 31 December 2018)
  - Adjusted net leverage ratio[7] of 2.47x reduced from 2.68x at 31 December 2018. Slightly higher than Q1 2019 due to cash requirements in Q2 2019
- Following the good trading in the first six months of 2019, the Board remains confident in the full year outlook

Operational highlights

- Continued improvement in core KPIs[8],[9] year-on-year:
  - Average Active Customers per Month[8,9] grew to 245,893 in the twelve months to 30 June 2019, an increase of 7% year-on-year
  - Average Real Money Gaming Revenue per Month[8,9] grew to £26.5 million, an increase of 12% year-on-year
  - Monthly Real Money Gaming Revenue per Average Active Customer[8,9] of £108, an increase of 5% year-on-year

Business segments highlights for H1 2019

- Jackpotjoy[9] (58% of Group revenue) - Gaming revenue fell by 6% year-on-year following a decline in both Jackpotjoy's UK and Swedish brands due to enhanced responsible gambling measures introduced in the UK and recent regulatory changes in Sweden; adjusted EBITDA[2] decreased 26% due to higher gaming taxes in the UK and Sweden and an increase in marketing spend in Spain and the UK; Botemania brand (17% of segment revenues) continues to perform strongly

- Vera&John (42% of Group revenue) - Gaming revenue growth of 58% (or 59% on a constant currency basis[10]); adjusted EBITDA[2] increased substantially (up by 109%) as a result, with distribution and administrative costs growing more modestly at 33% and 57%, respectively

Gamesys acquisition

- Conditional agreement to acquire the business of Gamesys (Holdings) Limited ('Gamesys'), excluding sports brands and games, announced on 13 June 2019

- An important transformational step in the Group's growth, providing significant benefits for shareholders, employees and customers; enhancing scale and creating a world class online gaming company

- Expected completion of the Gamesys acquisition in Q3 2019

- Gamesys gaming revenue[11] of £96.1 million in H1 2019, which represents growth of 8% year over year; adjusted EBITDA[2,11] of £29.6 million in H1 2019 which represents a decline of 15% year-on-year due to higher gaming taxes in the UK and an increase in marketing spend. Gamesys results in line with management expectations

Outlook

Trading in the second quarter has been in line with management's expectations and we remain confident in the full-year outlook. Our international markets are well-placed to continue to deliver strong growth and Jackpotjoy UK is set to pass the anniversary of the introduction of enhanced UK responsible gambling measures during the second half of 2019**.**

Neil Goulden, Executive Chairman, commented:

"I'm pleased to report that the Group has delivered another good quarter of revenue growth, alongside the expected impact of higher gaming taxes on EBITDA. Group revenues were up 14% in H1 2019, driven by a strong performance in Vera&John, while adjusted EBITDA[2] increased 2%, notwithstanding the increased rate of POC tax in the UK to 21% from 15% and effective as of 1 April 2019, as well as the introduction of POC tax in Sweden at a rate of 18% from 1 January 2019.

On 13 June 2019, we announced our intention to acquire Gamesys which represents a transformational step in the Group's growth and one which will provide significant benefits for shareholders, employees and customers. We expect the Gamesys acquisition to deliver double digit earnings accretion in the first full financial year of ownership and our employees will benefit from the combination of two companies with a strong commitment to responsible gaming, with a scale to further enhance our product development and technology capabilities. Our customers will also now have an even greater choice of major brands and different games, creating a truly leading UK and international operator. We expect the Gamesys acquisition to complete during Q3 2019 and we will update the market further in due course."

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); +1 866 378-3566 (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 0435633#. A transcript will also be made available on JPJ Group plc's website at www.jpjgroup.com/investors.

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Executive Chairman's Review

Overview and summary of results

JPJ Group plc has had a strong first half in the current financial year and continues to demonstrate the strong momentum in performance shown during 2018. In the six month period, we increased Group total gaming revenue by 14% and in the twelve month period, we grew our customer base by 7%, to 245,893 Average Active Customers per Month[8,9]. Adjusted EBITDA[2] increased 2% year-on-year due to strong revenue growth and the expected impact from higher UK and Swedish gaming taxes.

Vera&John continues its impressive performance and now accounts for 42% of Group revenue. This has been driven by the segment's success in new markets, including Germany, Brazil and Japan. It also continues to see significant B2B growth across the broader Asian region. We expect Vera&John to continue to be our fastest growing segment as we focus on growing our business both in further emerging markets in Asia, Latin America and more established European markets.

As a management team, we remain very proud of our market-leading position in the UK and acknowledge the challenges the Jackpotjoy brand has faced in recent months. It has been impacted in particular by the increase in remote gaming duty from 15% to 21% in Q2 2019 and the enhanced responsible gambling measures on our existing VIP customer base. We are committed to pursuing an active strategy to return Jackpotjoy UK into mature growth in the coming months and continue to grow our market share in new active customers.

The Group continues to benefit from pursuing a strategy of diversification, both geographically and in our product mix and it will continue to balance operations in both regulated and unregulated markets. UK revenues accounted for 47% of the Group's revenues in H1 2019 vs 53% across the rest of the world.

Corporate developments

Gamesys Acquisition

On 13 June 2019, we announced that the Group entered into a conditional agreement to acquire Gamesys, excluding sports brands and games, for a total valuation of c.£490.0 million[12] via a mixture of cash and shares. The Gamesys Acquisition is expected to enhance scale, creating a group which is strategically well positioned for future growth in an evolving global gaming sector. The combined group will have a more diversified brand portfolio with international expansion opportunities and combines highly experienced management teams. The Gamesys Acquisition was approved by shareholders at the Group's General Meeting on 31 July 2019 and completion of the transaction is expected in the third quarter of 2019.

Mandalay sale

In March 2019, the Group completed the sale of its Mandalay business for £18.0 million. The Group received £12.0 million cash consideration upfront with the outstanding £6.0 million to be paid in September 2019.

Exchangeable shares

JPJ Group plc's subsidiary The Intertain Group Limited intends to seek the approval of the holders of exchangeable shares to amend the exchangeable share provisions to provide for the early redemption of the exchangeable shares. This amendment is subject to approval at a meeting of the exchangeable shareholders on 30 August 2019. If this amendment is approved and the exchangeable shares redeemed as intended, it would have the effect of rationalising the Group's share structure.

Syndication of additional facility

On 1 July 2019, the Group announced completion of syndication of the EUR equivalent of £175.0 million (being €196.0 million) additional term loan facility to be used to support the Gamesys Acquisition. The Group's new incremental term loan facility is fungible with the Group's existing EUR Term Facility.

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.

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 from continuing operations, 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 from continuing operations 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 30 June 2019 consisted of:

- £48.7 million in revenue earned from Jackpotjoy's[9] operational activities.
- £37.6 million in revenue earned from Vera&John's operational activities.

The Group's gaming revenue during the three months ended 30 June 2018 consisted of:

- £50.8 million in revenue earned from Jackpotjoy's[9] operational activities.
- £24.2 million in revenue earned from Vera&John's operational activities.

The increase in gaming revenue for the three months ended 30 June 2019 in comparison with the three months ended 30 June 2018 relates to organic growth[4] of the Vera&John segment, where gaming revenue increased by 55%.

The Group's gaming revenue during the six months ended 30 June 2019 consisted of:

- £97.7 million in revenue earned from Jackpotjoy's[9] operational activities.
- £71.8 million in revenue earned from Vera&John's operational activities.

The Group's gaming revenue during the six months ended 30 June 2018 consisted of:

- £103.6 million in revenue earned from Jackpotjoy's[9] operational activities.
- £45.4 million in revenue earned from Vera&John's operational activities.

The increase in gaming revenue for the six months ended 30 June 2019 in comparison with the six months ended 30 June 2018 relates to organic growth[4] of the Vera&John segment, where gaming revenue increased by 58%.

Costs and expenses

	Three month period ended 30 June 2019 (£000's)	Three month period ended 30 June 2018 (£000's)	**Six month period ended 30 June 2019 (£000's)**	Six month period ended 30 June 2018 (£000's)
Distribution costs	**46,574**	36,556	**87,912**	74,727
Administrative costs	**26,152**	24,208	**52,775**	49,008
Severance costs	**-**	-	**-**	450
Transaction related costs	**11,086**	1,065	**12,201**	1,065
	83,812	61,829	**152,888**	125,250

Distribution costs

	Three month period ended 30 June 2019 (£000's)	Three month period ended 30 June 2018 (£000's)	**Six month period ended 30 June 2019 (£000's)**	Six month period ended 30 June 2018 (£000's)
Selling and marketing	**16,040**	12,672	**30,980**	26,611
Licensing fees	**12,394**	10,016	**23,425**	19,824
Gaming taxes	**12,317**	9,486	**22,290**	19,981
Processing fees	**5,823**	4,382	**11,217**	8,311
	46,574	36,556	**87,912**	74,727

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 segment to operate on its platforms and game suppliers' fees paid by both the Vera&John and Jackpotjoy segments. Gaming taxes largely consist of point of consumption taxes, payable in the regulated jurisdictions that the Group operates in. Variance in gaming taxes from prior periods relates to an increase in remote gaming duty from 15% to 21%, which came into effect in the UK in Q2 2019. 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 and six months ended 30 June 2019 compared to the same periods in 2018 is mainly due to increased revenue in the Vera&John segment and increased marketing spend in the Jackpotjoy and Vera&John segments.

Administrative costs

	Three month period ended 30 June 2019 (£000's)	Three month period ended 30 June 2018 (£000's)	**Six month period ended 30 June 2019 (£000's)**	Six month period ended 30 June 2018 (£000's)
Compensation and benefits	**10,549**	7,050	**19,654**	14,579
Professional fees	**1,250**	779	**2,358**	2,0 49
General and administrative	**2,974**	2,616	**5,765**	4,926
Amortisation and depreciation	**11,379**	13,763	**24,998**	27,454
	26,152	24,208	**52,775**	49,008

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 and six months ended 30 June 2019 compared to the same periods in 2018 is primarily due to additional staff hired as well as higher bonus accruals as the business continues to grow.

Professional fees consist mainly of legal, accounting and audit fees. The increase in professional fees for the three and six months ended 30 June 2019 compared to the same periods in 2018 can be attributed to professional advice obtained in relation to some of the Group's operational and corporate initiatives.

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 and six months ended 30 June 2019 compared to the same periods 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 decrease in amortisation and depreciation in the three and six months ended 30 June 2019 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. It further relates to the fact that the Group's non-compete clauses were fully amortised during the three months ended 31 March 2019. The decrease is marginally offset by additional depreciation 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. The increase in transaction related costs in the three and six months ended 30 June 2019 compared to the same periods in 2018 relates to the Gamesys Acquisition.

Business unit results

Jackpotjoy[9]

	Q2 2019 (£000's)	Q2 2018 (£000's)	Variance (£000's)	Variance %
Gaming revenue	**48,662**	50,774	(2,112)	(4%)
Distribution costs	**29,024**	24,748	4,276	17%
Administrative costs	**4,310**	3,960	350	9%
Adjusted EBITDA[2]	**15,328**	22,066	(6,738)	(31%)

	YTD 2019 (£000's)	YTD 2018 (£000's)	Variance (£000's)	Variance %
Gaming revenue	**97,741**	103,611	(5,870)	(6%)
Distribution costs	**55,219**	50,207	5,012	10%
Administrative costs	**8,412**	7,462	950	13%
Adjusted EBITDA[2]	**34,110**	45,942	(11,832)	(26%)

Gaming revenue for the Jackpotjoy[9] segment for the three months ended 30 June 2019 was 4% lower than in the same period in 2018 primarily due to a decline in the Jackpotjoy UK brand, which accounted for 66% (three months ended 30 June 2018 - 68%) of the segment's revenue, as well as a decline in the Jackpotjoy Sweden brand, which accounted for 2% (three months ended 30 June 2018 - 5%) of the segment's revenue. The decline in both Jackpotjoy's UK and Swedish brands is due to enhanced responsible gambling measures introduced in the UK and recent regulatory changes in Sweden. The decrease was partially offset by an increase in the Botemania brand, which accounted for 18% (three months ended 30 June 2018 - 15%) of this segment's revenue.

Gaming revenue for the Jackpotjoy[9] segment for the six months ended 30 June 2019 was 6% lower than in the same period in 2018 primarily due to a decline in the Jackpotjoy UK brand, which accounted for 66% (six months ended 30 June 2018 - 68%) of the segment's revenue, as well as a decline in the Jackpotjoy Sweden brand, which accounted for 3% (six months ended 30 June 2018 - 5%) of the segment's revenue. The decline in both Jackpotjoy's UK and Swedish brands is due to enhanced responsible gambling measures introduced in the UK and recent regulatory changes in Sweden. The decrease was partially offset by an increase in the Botemania brand, which accounted for 17% (six months ended 30 June 2018 - 15%) of this segment's revenue.

The increase in distribution costs for the three and six months ended 30 June 2019 compared to the same periods in 2018 was driven by an increase in marketing spend in Spain and the UK as well as an increase in gaming taxes as a result of an increase in the UK tax rates, which came into effect in Q2 2019 and the introduction of gaming taxes in Sweden.

The increase in administrative costs for the three and six months ended 30 June 2019 compared to the same periods in 2018 was mainly driven by increases in compensation and administrative overhead costs.

Vera&John

	Q2 2019 (£000's)	Q2 2018 (£000's)	Variance (£000's)	Variance %
Gaming revenue	**37,572**	24,179	13,393	55%
Distribution costs	**17,550**	11,785	5,765	49%
Administrative costs	**7,542**	4,019	3,523	88%
Adjusted EBITDA[2]	**12,480**	8,375	4,105	49%

	YTD 2019 (£000's)	YTD 2018 (£000's)	Variance (£000's)	Variance %
Gaming revenue	**71,785**	45,350	26,435	58%
Distribution costs	**32,668**	24,495	8,173	33%
Administrative costs	**13,353**	8,504	4,849	57%
Adjusted EBITDA[2]	**25,764**	12,351	13,413	109%

Gaming revenue for the Vera&John segment for the three and six months ended 30 June 2019 increased by 55% and 58%, respectively, compared to the same periods in 2018 due to organic growth[4]. On a constant currency basis[10], revenue increased by 56% and 59% for the three and six months ended 30 June 2019 compared to the same periods in 2018.

Distribution costs increased by 49% and 33%, respectively, for the three and six months ended 30 June 2019 compared to the same periods in 2018 as a result of higher revenues achieved.

The increase in administrative costs for the three and six months ended 30 June 2019 compared to the same periods in 2018 was mainly driven by increases in personnel costs, professional fees and administrative overhead costs as the segment continues to grow.

Unallocated Corporate Costs

Adjusted EBITDA[2] on Unallocated Corporate Costs decreased from (£2.3) million to (£2.8) million in the three months ended 30 June 2019 compared to the same period in 2018. The variance mainly relates to a £0.6 million increase in compensation and a £0.1 million increase in professional fees offset by a £0.2 million decrease in general administrative costs.

Adjusted EBITDA[2] on Unallocated Corporate Costs decreased from (£5.3) million to (£5.9) million in the six months ended 30 June 2019 compared to the same period in 2018. The variance mainly relates to a £0.9 million increase in compensation offset by a £0.3 million decrease in general administrative costs.

Net loss on Unallocated Corporate Costs increased from £8.9 million to £19.2 million for the three months ended 30 June 2019 compared to the same period in 2018. This increase is primarily driven by higher transaction related costs driven by the Gamesys Acquisition as discussed on page 2 of this release.

Net loss on Unallocated Corporate Costs decreased slightly from £30.1 million to £29.3 million for the six months ended 30 June 2019 compared to the same period in 2018. This decrease is 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. This movement is offset by higher transaction related costs driven by the Gamesys Acquisition as discussed on page 2 of this release.

Costs included in net loss which are excluded from the adjusted EBITDA[2] measure are discussed on page 6 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 30 June 2019	Twelve months ended 30 June 2018	Variance	Variance %
Average Active Customers per Month (#)	**245,893**	230,719	15,174	7%
Total Real Money Gaming Revenue (£000's) (1)	**317,608**	284,114	33,494	12%
Average Real Money Gaming Revenue per Month (£000's)	**26,467**	23,676	2,791	12%
Monthly Real Money Gaming Revenue per Average Active Customer (£)	**108**	103	5	5%

(1) Total Real Money Gaming Revenue for the twelve months ended 30 June 2019 consists of total revenue less revenue earned from B2B and affiliate websites of £11.2 million (30 June 2018 - £6.7 million).

Monthly Real Money Gaming Revenue per Average Active Customer increased by 5% period-over-period which is in line with the Group's overall customer acquisition and retention strategy.

Principal risks and uncertainties

Details of the Group's principal risks were set out on pages 26 to 33 of the Annual Report for the year ended 31 December 2018 (the '2018 Annual Report'). As at 30 June 2019, the directors have reviewed the Group's risk profile in the context of current market conditions and the outlook for the remaining six months of the financial year. In addition, they have reconsidered previous statements made on risk appetite, risk governance and internal controls and do not consider there to be any significant changes since the 2018 Annual Report.

Directors' responsibility statement in respect of the half yearly financial report

For the six months ended 30 June 2019

We confirm to the best of our knowledge that:

a) The condensed interim set of financial statements has been prepared in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union;

b) The Interim Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) The Interim Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Signed by order of the Board of Directors

Neil Goulden
Executive Chairman
13 August 2019

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 and six months ended 30 June 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 for the three and six months ended 30 June 2019 is the responsibility of and has been approved by the directors. With regard to the six months ended 30 June 2019, the directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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, with regard to the six months ended 30 June 2019, to assist the company in meeting its responsibilities in respect of interim financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority 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 and six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as issued by the International Accounting Standards Board, International Accounting Standard 34, as adopted by the European Union, and, in respect of the six months ended 30 June 2019, the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP
Chartered Accountants
London

13 August 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 30 June 2019	Three months ended 30 June 2018	**Six months ended 30 June 2019**	Six months ended 30 June 2018
	(£000's)	(£000's)	**(£000's)**	(£000's)
Gaming revenue[4]	**86,234**	74,953	**169,526**	148,961
Costs and expenses				
Distribution costs[4,5]	**46,574**	36,556	**87,912**	74,727
Administrative costs[5]	**26,152**	24,208	**52,775**	49,008
Severance costs[4]	**-**	-	**-**	450
Transaction related costs[4]	**11,086**	1,065	**12,201**	1,065
Foreign exchange (gain)/loss[4]	**(504)**	(220)	**(277)**	143
Total costs and expenses	**83,308**	61,609	**152,611**	125,393
Fair value adjustments on contingent consideration[17]	**-**	-	**460**	11,450
Interest income[7]	**(120)**	(85)	**(219)**	(170)
Interest expense[7]	**4,908**	4,950	**9,830**	9,889
Accretion on financial liabilities[7]	**308**	489	**651**	2,026
Financing expenses	**5,096**	5,354	**10,722**	23,195

Net (loss)/income for the period before taxes from continuing operations	**(2,170)**	7,990	**6,193**	373
Current tax provision	**654**	228	**1,212**	699
Deferred tax recovery	**(91)**	(98)	**(182)**	(197)
Net (loss)/income for the period after taxes from continuing operations	**(2,733)**	7,860	**5,163**	(129)
Net income/(loss) from discontinued operations[6]	**658**	(549)	**(660)**	(307)
Net (loss)/income for the period attributable to owners of the parent	**(2,075)**	7,311	**4,503**	(436)
Other comprehensive income/(loss): Items that will or may be reclassified to profit or loss in subsequent periods				
Foreign currency translation (loss)/gain	**(161)**	1,081	**160**	198
Unrealised gain on foreign exchange forward[12]	**341**	-	**341**	-
Unrealised loss on interest rate swap[12]	**(303)**	(559)	**(1,084)**	(974)
Total comprehensive (loss)/income for the period attributable to owners of the parent	**(2,198)**	7,833	**3,920**	(1,212)
Net (loss)/income for the period per share				
Basic[8]	**£(0.03)**	£0.10	**£0.06**	£(0.01)
Diluted[8]	**£(0.03)**	£0.10	**£0.06**	£(0.01)
Net (loss)/income for the period per share - continuing operations				
Basic	**£(0.04)**	£0.11	**£0.07**	£(0.00)
Diluted	**£(0.04)**	£0.10	**£0.07**	£(0.00)

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	**As at 30 June 2019 (£000's)**	As at 31 December 2018 (£000's)
Current assets		
Cash[9,17]	**114,121**	84,383
Restricted cash[9,17]	**13,519**	6,161
Customer deposits[17]	**10,864**	9,032
Trade and other receivables[10,12,17]	**27,585**	17,070
Taxes receivable	**10,493**	7,313
Total current assets	**176,582**	123,959
Non-current assets		
Tangible assets	**3,902**	2,232
Intangible assets[13]	**205,228**	226,324
Goodwill[13]	**274,119**	288,355
Right-of-use assets[3]	**6,132**	-
Other long-term receivables[11,17]	**5,000**	5,036
Total non-current assets	**494,381**	521,947
Total assets	**670,963**	645,906
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities[14,17]	**27,139**	20,606
Other short-term payables[12,15,17,18]	**16,688**	9,709
Short-term lease liabilities[3]	**1,555**	-
Interest payable[17]	**321**	264
Payable to customers[17]	**10,864**	9,032
Current portion of contingent consideration[17]	**5,000**	4,540
Provision for taxes	**8,202**	8,169
Total current liabilities	**69,769**	52,320
Non-current liabilities		
Other long-term payables[12,17,18]	**1,009**	1,817
Lease liabilities[3]	**4,378**	-
Deferred tax liability	**999**	1,196
Long-term debt[16,17]	**371,667**	371,450
Total non-current liabilities	**378,053**	374,463
Total liabilities	**447,822**	426,783
Equity		
Retained earnings	**186,212**	182,435
Share capital[19]	**7,448**	7,434
Share premium	**2,991**	2,068
Other reserves	**26,490**	27,186
Total equity	**223,141**	219,123

Total liabilities and equity	**670,963**	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)	Share-Based Payment Reserve (£000's)	Translation Reserve (£000's)	Hedge Reserve (£000's)	Retained Earnings/ (Deficit) (£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 income/(loss) for the period:								
Net loss for the period (continued and discontinued operations)	-	-	-	-	-	-	(436)	(436)
Other comprehensive income/(loss)	-	-	-	-	198	(974)	-	(776)
Total comprehensive income/(loss) for the period:	**-**	**-**	**-**	**-**	**198**	**(974)**	**(436)**	**(1,212)**
Contributions by and distributions to shareholders:								
Conversion of debentures	6	186	-	-	-	-	-	192
Exercise of options	14	379	-	(110)	-	-	110	393
Share-based compensation	-	-	-	326	-	-	-	326
Total contributions by and distributions to shareholders:	**20**	**565**	**-**	**216**	**-**	**-**	**110**	**911**
Balance at 30 June 2018	**7,427**	**1,907**	**(6,111)**	**10,187**	**23,847**	**(974)**	**167,473**	**203,756**
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)	-	-	-	-	-	-	4,503	4,503
Other comprehensive income/(loss)	-	-	-	-	160	(743)	-	(583)
Total comprehensive income/(loss) for the period:	**-**	**-**	**-**	**-**	**160**	**(743)**	**4,503**	**3,920**
Contributions by and distributions to shareholders:								

Costs relating to issue of shares	-	-	-	-	-	-	(1,005)	(1,005)
Exercise of options[19]	14	923	-	(279)	-	-	279	937
Share-based compensation[19]	-	-	-	166	-	-	-	166
Total contributions by and distributions to shareholders:	**14**	**923**	**-**	**(113)**	**-**	**-**	**(726)**	**98**
Balance at 30 June 2019	**7,448**	**2,991**	**(6,111)**	**10,282**	**24,203**	**(1,884)**	**186,212**	**223,141**

See accompanying notes

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended 30 June 2019	Three months ended 30 June 2018	**Six months ended 30 June 2019**	Six months ended 30 June 2018
	(£000's)	(£000's)	**(£000's)**	(£000's)
Operating activities				
Net (loss)/income for the period	**(2,075)**	7,311	**4,503**	(436)
Add (deduct) items not involving cash				
Amortisation and depreciation	**11,379**	15,635	**26,086**	31,198
Share-based compensation expense[19]	**76**	170	**166**	326
Current tax provision	**654**	228	**1,212**	699
Deferred tax recovery	**(91)**	(98)	**(182)**	(197)
Interest expense, net[7]	**5,096**	5,354	**10,262**	11,745
Fair value adjustments on contingent consideration[17]	**-**	-	**460**	11,450
Foreign exchange (gain)/loss	**(504)**	(285)	**(277)**	125
Loss on sale of discontinued operation, net of tax[6]	**-**	-	**26**	-
	14,535	28,315	**42,256**	54,910
Restriction of cash balances	**(3,581)**	-	**(7,173)**	(75)
(Increase)/reduction in trade and other receivables	**(3,038)**	2,061	**(4,633)**	1,821
(Increase)/reduction in other long-term receivables	**(32)**	328	**(17)**	508
Increase/(reduction) in accounts payable and accrued liabilities	**2,475**	(2,697)	**713**	(3,322)
Increase/(reduction) in other short-term payables	**8,628**	(620)	**9,197**	(2,103)
Cash generated from operations	**18,987**	27,387	**40,343**	51,739
Income taxes paid	**(3,467)**	(3,236)	**(4,194)**	(3,236)
Income taxes received	**-**	402	-	402
Total cash provided by operating activities	**15,520**	24,553	**36,149**	48,905
Financing activities				
Proceeds from exercise of options	**256**	-	**937**	393
Debenture settlement	**-**	(62)	-	(62)
Lease payments	**(354)**	-	**(626)**	-
Repayment of non-compete liability[18]	**(2,000)**	(2,000)	**(4,000)**	(4,000)
Interest repayment	**(4,572)**	(5,328)	**(9,580)**	(10,254)
Payment of contingent consideration[17]	**-**	(63,455)	-	(63,455)
Total cash used in financing activities	**(6,670)**	(70,845)	**(13,269)**	(77,378)
Investing activities				
Purchase of tangible assets	**(2,044)**	(89)	**(2,646)**	(163)
Purchase of intangible assets	**(1,467)**	(1,370)	**(2,694)**	(2,457)
Proceeds from sale of intangible assets	**-**	-	**-**	1,450
Disposal of discontinued operation[6]	**-**	-	**12,000**	-
Total cash (used in)/provided by investing activities	**(3,511)**	(1,459)	**6,660**	(1,170)
Net increase/(decrease) in cash during the period	**5,339**	(47,751)	**29,540**	(29,643)
Cash, beginning of period	**106,146**	76,231	**84,383**	59,033
Exchange gain on cash and cash equivalents	**2,636**	982	**198**	72
Cash, end of period	**114,121**	29,462	**114,121**	29,462

See accompanying notes

SUPPLEMENTARY NOTES FOR THREE AND SIX MONTHS ENDED 30 JUNE 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.

On 13 June 2019, the Group entered into a conditional agreement to acquire the business of Gamesys (Holdings) Limited, excluding sports brands and games, for a mixture of cash and new Group shares (the 'Gamesys Acquisition'). Total valuation of the Gamesys Acquisition is expected to amount to approximately £490.0 million, comprising of: (i) £250.0 million in cash, of which £175.0 million is to be funded by an add-on to the Group's existing Term Facility and (ii) 33.7 million in newly issued shares, representing approximately £240.0 million. Completion of the Gamesys Acquisition is expected by 30 September 2019.

These Unaudited Interim Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors of JPJ Group plc on 13 August 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, FX Forward, 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 CondensedConsolidated 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 what is described below, there have been no changes to the Group's significant accounting policies or critical accounting estimates and assumptions during the six months ended 30 June 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 30 June 2019, the carrying value of the right-of-use assets amounted to £6.1 million and the carrying value of lease liabilities amounted to £5.9 million, with £1.5 million of this balance shown as short-term lease liabilities and the remaining portion of £4.4 million reflected under non-current liabilities.

Hedge accounting

The Group elected to use hedge accounting for the purposes of recognising realised and unrealised gains and losses associated with the FX Forward (as defined in note 12).

IFRS 9 - *Financial Instruments* ('IFRS 9') permits hedge accounting under certain circumstances provided that the hedging relationship is:

- formally designated and documented, including the entity's risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness;

- expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk as designated and documented, and effectiveness can be reliably measured; and

- assessed on an ongoing basis and determined to be highly effective.

Based on the Group's analysis of the requirements outlined above, it was concluded that the FX Forward meets all the necessary criteria and qualifies for use of hedge accounting. The FX Forward was designated as a cash flow hedge.

4. Segment information

As discussed in note 6, the Group sold its Mandalay business in the period ended 31 March 2019 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 30 June 2019:

	Jackpotjoy (£000's)	Vera&John (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Gaming revenue	**48,662**	**37,572**	**-**	**86,234**
Distribution costs	29,024	17,550	-	46,574
Amortisation and depreciation	8,136	2,984	259	11,379
Compensation, professional, and general and administrative expenses	4,310	7,542	2,921	14,773
Transaction related costs	-	26	11,060	11,086
Foreign exchange gain	(82)	(213)	(209)	(504)
Financing, net	8	9	5,079	5,096
Income/(loss) for the period before taxes from continuing operations	**7,266**	**9,674**	**(19,110)**	**(2,170)**
Taxes	-	485	78	563
Net income/(loss) for the period after taxes from continuing operations	**7,266**	**9,189**	**(19,188)**	**(2,733)**
Net income/(loss) for the period after taxes from continuing operations	**7,266**	**9,189**	**(19,188)**	**(2,733)**
Interest expense, net	8	9	4,771	4,788
Accretion on financial liabilities	-	-	308	308
Taxes	-	485	78	563
Amortisation and depreciation	8,136	2,984	259	11,379
EBITDA	**15,410**	**12,667**	**(13,772)**	**14,305**
Share-based compensation	-	-	76	76
Transaction related costs	-	26	11,060	11,086
Foreign exchange gain	(82)	(213)	(209)	(504)
Adjusted EBITDA	**15,328**	**12,480**	**(2,845)**	**24,963**
Net income/(loss) for the period after taxes from continuing operations	**7,266**	**9,189**	**(19,188)**	**(2,733)**
Share-based compensation	-	-	76	76
Transaction related costs	-	26	11,060	11,086
Foreign exchange gain	(82)	(213)	(209)	(504)
Amortisation of acquisition related purchase price intangibles	8,097	1,834	-	9,931
Accretion on financial liabilities	-	-	308	308
Adjusted net income/(loss)	**15,281**	**10,836**	**(7,953)**	**18,164**

Six months ended 30 June 2019:

	Jackpotjoy (£000's)	Vera&John (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Gaming revenue	**97,741**	**71,785**	**-**	**169,526**
Distribution costs	55,219	32,668	25	87,912
Amortisation and depreciation	18,826	5,681	491	24,998
Compensation, professional, and general and administrative expenses	8,412	13,353	6,012	27,777
Transaction related costs	-	33	12,168	12,201
Foreign exchange (gain)/loss	(175)	135	(237)	(277)
Financing, net	17	7	10,698	10,722
Income/(loss) for the period before taxes from continuing operations	**15,442**	**19,908**	**(29,157)**	**6,193**
Taxes	-	874	156	1,030
Net income/(loss) for the period after taxes from continuing operations	**15,442**	**19,034**	**(29,313)**	**5,163**
Net income/(loss) for the period after taxes from continuing operations	**15,442**	**19,034**	**(29,313)**	**5,163**
Interest expense, net	17	7	9,587	9,611
Accretion on financial liabilities	-	-	651	651
Taxes	-	874	156	1,030
Amortisation and depreciation	18,826	5,681	491	24,998
EBITDA	**34,285**	**25,596**	**(18,428)**	**41,453**
Share-based compensation	-	-	166	166
Fair value adjustments on contingent consideration	-	-	460	460
Transaction related costs	-	33	12,168	12,201
Foreign exchange (gain)/loss	(175)	135	(237)	(277)
Adjusted EBITDA	**34,110**	**25,764**	**(5,871)**	**54,003**
Net income/(loss) for the period after taxes from continuing operations	**15,442**	**19,034**	**(29,313)**	**5,163**
Share-based compensation	-	-	166	166
Fair value adjustments on contingent consideration	-	-	460	460
Transaction related costs	-	33	12,168	12,201
Foreign exchange (gain)/loss	(175)	135	(237)	(277)
Amortisation of acquisition related purchase price intangibles	18,748	3,661	-	22,409
Accretion on financial liabilities	-	-	651	651
Adjusted net income/(loss)	**34,015**	**22,863**	**(16,105)**	**40,773**

Three months ended 30 June 2018:

	Jackpotjoy (£000's)	Vera&John (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Gaming revenue	**50,774**	**24,179**	-	**74,953**
Distribution costs	24,748	11,785	23	36,556
Amortisation and depreciation	11,202	2,464	97	13,763
Compensation, professional, and general and administrative expenses	3,960	4,019	2,466	10,445
Transaction related costs	-	-	1,065	1,065
Foreign exchange loss/(gain)	76	(180)	(116)	(220)
Financing, net	1	(30)	5,383	5,354
Income/(loss) for the period before taxes from continuing operations	**10,787**	**6,121**	**(8,918)**	**7,990**
Taxes	-	130	-	130
Net income/(loss) for the period after taxes from continuing operations	**10,787**	**5,991**	**(8,918)**	**7,860**
Net income/(loss) for the period after taxes from continuing operations	**10,787**	**5,991**	**(8,918)**	**7,860**
Interest expense/(income), net	1	(30)	4,894	4,865
Accretion on financial liabilities	-	-	489	489
Taxes	-	130	-	130
Amortisation and depreciation	11,202	2,464	97	13,763
EBITDA	**21,990**	**8,555**	**(3,438)**	**27,107**
Share-based compensation	-	-	170	170
Transaction related costs	-	-	1,065	1,065
Foreign exchange loss/(gain)	76	(180)	(116)	(220)
Adjusted EBITDA	**22,066**	**8,375**	**(2,319)**	**28,122**
Net income/(loss) for the period after taxes from continuing operations	**10,787**	**5,991**	**(8,918)**	**7,860**
Share-based compensation	-	-	170	170
Transaction related costs	-	-	1,065	1,065
Foreign exchange loss/(gain)	76	(180)	(116)	(220)
Amortisation of acquisition related purchase price intangibles	11,202	1,968	-	13,170
Accretion on financial liabilities	-	-	489	489
Adjusted net income/(loss)	**22,065**	**7,779**	**(7,310)**	**22,534**

Six months ended 30 June 2018:

	Jackpotjoy (£000's)	Vera&John (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Gaming revenue	**103,611**	**45,350**	**-**	**148,961**
Distribution costs	50,207	24,495	25	74,727
Amortisation and depreciation	22,403	4,862	189	27,454
Compensation, professional, and general and administrative expenses	7,462	8,504	5,588	21,554
Severance costs	-	450	-	450
Transaction related costs	-	-	1,065	1,065
Foreign exchange loss/(gain)	231	(70)	(18)	143
Financing, net	3	(66)	23,258	23,195
Income/(loss) for the period before taxes from continuing operations	**23,305**	**7,175**	**(30,107)**	**373**
Taxes	-	488	14	502
Net income/(loss) for the period after taxes from continuing operations	**23,305**	**6,687**	**(30,121)**	**(129)**
Net income/(loss) for the period after taxes from continuing operations	**23,305**	**6,687**	**(30,121)**	**(129)**
Interest expense/(income), net	3	(66)	9,782	9,719
Accretion on financial liabilities	-	-	2,026	2,026
Taxes	-	488	14	502
Amortisation and depreciation	22,403	4,862	189	27,454
EBITDA	**45,711**	**11,971**	**(18,110)**	**39,572**
Share-based compensation	-	-	326	326
Severance costs	-	450	-	450
Fair value adjustments on contingent consideration	-	-	11,450	11,450
Transaction related costs	-	-	1,065	1,065
Foreign exchange loss/(gain)	231	(70)	(18)	143
Adjusted EBITDA	**45,942**	**12,351**	**(5,287)**	**53,006**
Net income/(loss) for the period after taxes from continuing operations	**23,305**	**6,687**	**(30,121)**	**(129)**
Share-based compensation	-	-	326	326
Severance costs	-	450	-	450
Fair value adjustments on contingent consideration	-	-	11,450	11,450
Transaction related costs	-	-	1,065	1,065
Foreign exchange loss/(gain)	231	(70)	(18)	143
Amortisation of acquisition related purchase price intangibles	22,403	3,948	-	26,351
Accretion on financial liabilities	-	-	2,026	2,026
Adjusted net income/(loss)	**45,939**	**11,015**	**(15,272)**	**41,682**

The following table presents net assets per segment and Unallocated Corporate Costs as at 30 June 2019:

	Jackpotjoy (£000's)	Vera&John (£000's)	Unallocated Corporate Costs (£000's)	Total (£000's)
Current assets	36,689	85,354	54,539	176,582
Goodwill	217,049	57,070	-	274,119
Other non-current assets	177,865	36,152	6,245	220,262
Total assets	**431,603**	**178,576**	**60,784**	**670,963**
Current liabilities	16,510	33,965	19,294	69,769
Non-current liabilities	560	3,937	373,556	378,053
Total liabilities	**17,070**	**37,902**	**392,850**	**447,822**
Net assets	**414,533**	**140,674**	**(332,066)**	**223,141**

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 six months ended 30 June 2019 and 2018, revenue was earned from customers situated in the following locations: United Kingdom - 47% (six months ended 30 June 2018 - 59%), Japan - 27% (six months ended 30 June 2018 - 12%), Spain - 10% (six months ended 30 June 2018 - 10%), Sweden - 5% (six months ended 30 June 2018 - 8%), rest of Europe - 6% (six months ended 30 June 2018 - 7%), rest of world - 5% (six months ended 30 June 2018 - 4%).

During the six months ended 30 June 2019, the Group's B2B Revenue, Affiliate Revenue and Game Aggregation Revenue comprised 4% (six months ended 30 June 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 30 June 2019 were as follows: Europe £93.2 million (31 December 2018 - £85.2 million) and Americas £401.2 million (31 December 2018 - £436.8 million).

5. Costs and expenses

As discussed in note 6, the Group sold its Mandalay business in the period ended 31 March 2019 and its social gaming business in the period ended 30 September 2018. All current period and 2018 comparative figures have been restated accordingly.

	Three months ended 30 June 2019 (£000's)	Three months ended 30 June 2018 (£000's)	Six months ended 30 June 2019 (£000's)	Six months ended 30 June 2018 (£000's)
Distribution costs:				
Selling and marketing	**16,040**	12,672	**30,980**	26,611
Licensing fees	**12,394**	10,016	**23,425**	19,824
Gaming taxes	**12,317**	9,486	**22,290**	19,981
Processing fees	**5,823**	4,382	**11,217**	8,311
	46,574	36,556	**87,912**	74,727
Administrative costs:				
Compensation and benefits	**10,549**	7,050	**19,654**	14,579
Professional fees	**1,250**	779	**2,358**	2,049
General and administrative	**2,974**	2,616	**5,765**	4,926
Tangible asset depreciation	**518**	122	**955**	231
Intangible asset amortisation	**10,861**	13,641	**24,043**	27,223
	26,152	24,208	**52,775**	49,008

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 30 June 2019 (£000's)	Three months ended 30 June 2018 (£000's)	Six months ended 30 June 2019 (£000's)	Six months ended 30 June 2018 (£000's)
Gaming revenue	**13**	2,775	**1,595**	6,482
Social gaming revenue	**-**	2,738	**-**	5,695
Expenses	**(645)**	6,062	**2,229**	12,484
Results from operating activities	**658**	(549)	**(634)**	(307)
Income tax	**-**	-	**-**	-
Income/(loss) for the period*	**658**	(549)	**(634)**	(307)
Loss on disposal of discontinued operations	**-**	-	**(26)**	-
Income tax on loss on sale of discontinued operations	**-**	-	**-**	-
Income/(loss) from discontinued operations, net of tax	**658**	(549)	**(660)**	(307)
Basic income/(loss) per share from discontinued operations	**£0.01**	£(0.01)	**£(0.01)**	£(0.01)
Diluted income/(loss) per share from discontinued operations	**£0.01**	£(0.00)	**£(0.01)**	£(0.01)

**Income for the three months ended 30 June 2019 consists of true-ups to prior period accruals.*

Cash flows from discontinued operations

	Three months ended 30 June 2019 (£000's)	Three months ended 30 June 2018 (£000's)	**Six months ended 30 June 2019 (£000's)**	Six months ended 30 June 2018 (£000's)
Net cash provided by/(used in) operating activities	124	1,514	**525**	3,751
Net cash provided by investing activities	-	-	**12,000**	**-**
Net cash from financing activities	-	-	-	-
Net cash flows for the period	124	1,514	**12,525**	3,751

Effect of disposal on the financial position of the Group

	30 June 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 30 June 2019 (£000's)	Three months ended 30 June 2018 (£000's)	**Six months ended 30 June 2019 (£000's)**	Six months ended 30 June 2018 (£000's)
Total interest income	**120**	85	**219**	170
Interest paid and accrued on long-term debt	**4,837**	4,947	**9,719**	9,883
Interest paid and accrued on lease liabilities	**71**	-	**111**	-
Interest paid and accrued on convertible debentures	-	3	-	6
Total interest expense	**4,908**	4,950	**9,830**	9,889
Accretion of discount recognised on contingent consideration	-	32	-	1,055
Interest accretion recognised on convertible debentures	-	-	-	8
Debt issue costs and accretion recognised on long-term debt	**151**	143	**298**	282
Interest accretion recognised on other long-term liabilities	**157**	314	**353**	681
Total accretion on financial liabilities	**308**	489	**651**	2,026

8. Earnings per share

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

	Three months ended 30 June 2019 (£000's)	Three months ended 30 June 2018 (£000's)	**Six months ended 30 June 2019 (£000's)**	Six months ended 30 June 2018 (£000's)
Numerator:				
Net (loss)/income - basic	**(2,075)**	7,311	**4,503**	(436)
Net (loss)/income - diluted[1]	**(2,075)**	7,324	**4,503**	(436)
Denominator:				
Weighted average number of shares outstanding - basic	**74,471**	74,259	**74,406**	74,177
Weighted average effect of dilutive share options	-	733	**301**	-
Weighted average number of shares outstanding - diluted[1]	**74,471**	74,992	**74,707**	74,177
Instruments, which are anti-dilutive:				
Weighted average effect of dilutive share options	**326**	-	-	740
Weighted average effect of convertible debentures	-	-	-	39
Net (loss)/income per share[2,3]				
Basic	**£(0.03)**	£0.10	**£0.06**	£(0.01)
Diluted[1]	**£(0.03)**	£0.10	**£0.06**	£(0.01)

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

	30 June 2019 (£000's)	31 December 2018 (£000's)
Cash	**114,121**	84,383
Restricted cash*	**13,519**	6,161
Total cash balances	**127,640**	90,544

**Increase in balance from 31 December 2018 relates to reserves held with payment service providers.*

10. Trade and other receivables

Trade and other receivables consist of the following items:

	30 June 2019 (£000's)	31 December 2018 (£000's)
Due from the Gamesys group	**6,287**	8,764
Due from the 888 group*	**6,049**	1,665
B2B and affiliate revenue receivable	**6,277**	2,722
FX Forward	**341**	-
Prepaid expenses	**4,345**	2,925
Other	**5,286**	1,994
Less: expected credit loss provision for trade and other receivables	**(1,000)**	(1,000)
	27,585	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	2	179	42	429	**652**
Other long-term receivables	-	-	-	348	**348**
	2	179	42	777	**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 30 June 2019, as explained in note 17.

As at 30 June 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 and foreign exchange forward

As at 30 June 2019, the fair value of the Interest Rate Swap was a £1.3 million payable (31 December 2018 - £0.5 million). The Group has included £0.3 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 £1.0 million (31 December 2018 - £0.4 million), included in other long-term payables.

On 26 June 2019, JPJ Group plc entered into a foreign exchange forward agreement (the 'FX Forward') in order to minimise the Group's exposure to foreign exchange rate fluctuations between GBP and EUR as the Group is expecting to add €196.0 million to its EUR Term Facility in relation to the Gamesys Acquisition. Under the FX Forward, the Group will be able to convert €196.0 million to £176.4 million at an exchange rate of 0.89975. The FX Forward has a settlement date of 30 September 2019 and is designated as a cash flow hedge, as described in note 3.

As at 30 June 2019, the fair value of the FX Forward was a £0.3 million receivable (31 December 2018 - £nil). The Group has included the entire amount of this receivable in trade and other receivables, as shown in note 10.

13. Intangible assets and goodwill

As at 30 June 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*	-	-	3,037	-	4,673	-	-	7,718
Disposals (note 6)	-	(27,200)	(350)	(1,610)	-	-	(14,273)	(43,433)
Translation	-	(1)	64	14	126	-	142	337
Balance, 30 June 2019	**91**	**292,859**	**33,706**	**68,730**	**17,699**	**20,434**	**294,990**	**728,509**
Accumulated amortisation/impairment								
Balance, 1 January 2019	56	172,574	18,280	13,577	6,080	17,875	20,766	249,208
Amortisation	23	16,774	3,133	1,727	915	2,559	-	25,131
Disposals (note 6)	-	(24,700)	(329)	(378)	-	-	-	(25,407)
Translation	(29)	46	92	11	5	-	105	230
Balance, 30 June 2019	**50**	**164,694**	**21,176**	**14,937**	**7,000**	**20,434**	**20,871**	**249,162**
Carrying value								
Balance, 30 June 2019	**41**	**128,165**	**12,530**	**53,793**	**10,699**	**-**	**274,119**	**479,347**

**On 17 April 2019, the Group entered into a five-year service agreement with a third-party operator, which is reflected as an addition to partnership agreements in the schedule above. Under the terms of the service agreement, the Group will make certain software, content and services available for use by the operator in return for a share of the revenue generated by the operator from certain software, content and services made available to it by the Group.*

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:

	30 June 2019 (£000's)	31 December 2018 (£000's)
Affiliate/marketing expenses payable	**6,443**	7,038
Payable to game suppliers	**4,624**	3,181
Compensation payable	**6,279**	5,773
Professional fees	**1,114**	1,231
Gaming tax payable	**1,763**	1,174
Partnership agreement payable	**4,726**	-
Other	**2,190**	2,209
	27,139	20,606

15. Other short-term payables

Other short-term payables consist of:

	30 June 2019 (£000's)	31 December 2018 (£000's)
Transaction related payables	**9,987**	516
Current portion of other long-term payables (note 18)	**6,449**	8,667
Interest Rate Swap (note 12)	**252**	97
Working capital adjustment payable	-	429
	16,688	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*	87	211	298
Foreign exchange translation	(81)	-	(81)
Balance, 30 June 2019	**124,468**	**247,199**	**371,667**
Current portion	-	-	-
Non-current portion	124,468	247,199	371,667

**Effective interest rates are as follows: EUR Term Facility - 4.19% (2018 - 4.44%), GBP Term Facility - 5.97% (2018 - 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	
	30 June 2019 (£000's)	31 December 2018 (£000's)
Cash and restricted cash	**127,640**	90,544
Trade and other receivables	**27,585**	17,070
Other long-term receivables	**1,423**	1,462
Customer deposits	**10,864**	9,032
	167,512	118,108

Financial liabilities

	Financial liabilities as subsequently measured at amortised cost	
	30 June 2019 (£000's)	31 December 2018 (£000's)
Accounts payable and accrued liabilities	**27,139**	20,606
Other short-term payables	**16,436**	9,612
Other long-term payables	-	1,429
Interest payable	**321**	264
Payable to customers	**10,864**	9,032
Long-term debt	**371,667**	371,450
	426,427	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)	
	30 June 2019 (£000's)	31 December 2018 (£000's)
Interest Rate Swap	**(1,261)**	(485)
FX Forward	**341**	-
Contingent consideration	**(5,000)**	(4,540)
Other long-term receivables	**3,577**	3,574
	(2,343)	(1,451)

Fair value hierarchy

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

	Level 2		Level 3	
	30 June 2019 (£000's)	31 December 2018 (£000's)	**30 June 2019 (£000's)**	31 December 2018 (£000's)
Interest Rate Swap	**(1,261)**	(485)	-	-
FX Forward	**341**	-	-	-
Other long-term receivables	**3,577**	3,574	-	-
Contingent consideration	-	-	**(5,000)**	(4,540)

The Interest Rate Swap and FX Forward balances represent the fair values of expected cash flows under the Interest Rate Swap and FX Forward agreements.

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 30 June 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, 30 June 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 £6.4 million of this payable in current liabilities, as shown in note 15 (31 December 2018 - £8.7 million). During the six months ended 30 June 2019, the Group has paid a total of £4.0 million (six months ended 30 June 2018 - £4.0 million) in relation to the additional non-compete clauses.

As at 30 June 2019, the other long-term payables figure of £1.0 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 30 June 2019, JPJ Group plc's issued share capital consisted of 74,473,678 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	14	144,748
Balance, 30 June 2019	**7,448**	**74,473,678**

Ordinary shares

During the six months ended 30 June 2019, JPJ Group plc did not issue any additional ordinary shares, except as described below.

Share options

During the six months ended 30 June 2019, nil share options were granted, 144,748 share options were exercised, 116,166 share options were forfeited, and nil share options expired.

Long-term incentive plan

During the three and six months ended 30 June 2019, the Group recorded £0.1 million and £0.2 million, respectively (three and six months ended 30 June 2018 - £0.1 million and £0.1 million, respectively) 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 30 June 2019, the Group had recognised £nil (31 December 2018 - £nil) related to potential contingent indirect taxation liabilities.

21. Subsequent events

On 1 August 2019, the Group entered into a cross currency swap agreement (the 'Currency Swap') in order to minimise the Group's increased exposure to exchange rate fluctuations between GBP and EUR as cash generated from the Gamesys Acquisition will largely be in GBP, while the add-on debt of €196.0 million to the Group's existing EUR Term Facility (the 'Add-on Debt') required to fund the Gamesys Acquisition is in EUR.

Under the Currency Swap, 57% of the Group's Add-on Debt will be swapped into GBP and 82% of the Add-on Debt's coupon value will be swapped from EUR LIBOR plus 3.5% (floor of 0%) to a fixed rate of 5.24%. The Currency Swap has an effective date of 30 September 2019 and a maturity date of 30 September 2022 ('Maturity Date'). Under the terms of this agreement, the Group will be able to exchange £100.0 million to €109.3 million at Maturity Date.

On 5 August 2019, JPJ Group plc amended the terms of its existing Interest Rate Swap to further minimise its exposure to interest rate fluctuations. Under the new terms, the Group will pay a fixed 6.33% rate of interest in place of floating GBP interest payments of GBP LIBOR plus 5.25%. On 15 August 2019, the starting Notional Amount will go back to being 60% of the GBP Term Facility (£150.0 million) and will decrease to £69.0 million by 15 June 2021.

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[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 26 and 27 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 6 of this release and Note 4 - 'Segment information' of the consolidated financial statements on pages 20 through 25 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, fair value of forward 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, fair value of forward and contingent consideration liability less non-restricted cash divided by LTM to 30 June 2019 adjusted EBITDA of £109.4 million.

[8] For additional details, please refer to the information under the heading 'Key performance indicators' on page 12 of this release.

[9] Excludes results from the Group's Mandalay business, which was sold during the six months ended 30 June 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.

[11] Based on unaudited management accounts for the six months ended 30 June 2019. Adjusted EBITDA includes support services income.

[12] Based on the 30-day volume weighted average price of 713 pence per ordinary share of £0.10 each in JPJ Group plc on the 12 June 2019.