



JPJ Group plc

Unaudited Interim Condensed Consolidated Financial Statements

[in pounds sterling, except where otherwise noted]

For the Three Months Ended 31 March 2019

JPJ Group plc
Unaudited Interim Condensed Consolidated Statements of Comprehensive Income
For the three months ended 31 March 2019
(GBP)

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

JPJ Group plc
Unaudited Interim Condensed Consolidated Balance Sheets
31 March 2019
(GBP)

	Note	As at 31 March 2019 (£000's)	As at 31 December 2018 (£000's)
ASSETS			
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

On behalf of the Board:

(signed) " Neil Goulden "

Neil Goulden, Executive Chairman

(signed) " Keith Laslop "

Keith Laslop, Chief Financial Officer

JPJ Group plc
Unaudited Interim Condensed Consolidated Statements of Changes in Equity
For the period ended 31 March 2019
(GBP)

	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)	Retained (Deficit)/ 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	11	670	–	–	(203)	–	–	203	681
Share-based compensation	–	–	–	–	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

JPJ Group plc
Unaudited Interim Condensed Consolidated Statements of Cash Flows
For the three months ended 31 March 2019
(GBP)

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

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, Star spins, Botemania, Vera&John, InterCasino, Solid Gaming and other brands. The Jackpotjoy, Star spins, 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- complete 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-competes 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.

	(£000's)	Ordinary shares of £0.10 #
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.