gambling.com group Plc

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Oct-Dec 2018 (compared to Oct-Dec 2017)

- Revenues totalled EUR 4.94 (2.73) million, an increase of 81% of which 62% was organic growth
- Adjusted EBITDA excluding non-recurring costs totalled EUR 1.60 (0.84) million, an increase of 92%, corresponding to an adjusted EBITDA margin of 32 (31) %
- EBITDA totalled EUR 1.44 (0.75) million, an increase of 93%, corresponding to an EBITDA margin of 29 (27) %
- Net cash generated from operating activities was EUR 0.61 (0.47) million
- New Depositing Customers (NDCs) totalled 24,838 (10,342), an increase of 140%

Jan-Dec 2018 (compared to Jan- Dec 2017)

- Revenues totalled EUR 16.23 (9.97) million, an increase of 63% of which 37% was organic growth
- Adjusted EBITDA excluding non-recurring costs totalled EUR 5.82 (3.17) million, an increase of 84%, corresponding to an adjusted EBITDA margin of 36 (32) %
- EBITDA totalled EUR 4.98 (2.95) million, an increase of 69%, corresponding to an EBITDA margin of 31% (30%)
- Net cash generated from operating activities was EUR 4.30 (2.78) million
- New Depositing Customers (NDCs) totalled 74,838 (36,342), an increase of 106%

Significant Events During the Fourth Quarter 2018

- EUR 7,100,000 Convertible Notes Issue 2017/2019 (the “2019 Notes”) | Through bilateral agreements with holders of the 2019 Notes, the group has agreed on the redemption of 63% of the outstanding principal. The remaining principal will mature on June 30th, 2019.
- EUR 8,900,000 Convertible Notes Issue 2017/2020 (the “2020 Notes”) | The Group has exercised its rights under the amended terms of the Note Purchase Agreement and has redeemed all of the 2020 Notes.
- EUR 16,000,000 Senior Secured Fixed-Rate Bond Issue 2018/2021 (the “2021 Bond”) | The Group issued a senior secured bond in the amount of EUR 16,000,000 under a total framework of EUR 25,000,000. The bonds were listed on Nasdaq Stockholm on 4th December 2018.
- Agreement of final Deferred Consideration | The asset purchase agreement governing one of the assets acquired in February 2017 was amended, cancelling the remaining earn-out payments along with warrants issued to the seller in exchange for a final payment of GBP 300,000 paid in November 2018.
- Amended Payment Terms for Deferred Consideration | The asset purchase agreement governing the acquisitions of a mobile performance marketing network acquired in January 2018 was amended so that 60% of the total expected earnout was paid in November 2018 and 40% was deferred from January and March 2019 to August 2019.
- EGR *Affiliate of the Year* Award | The Group prevailed at the 2018 edition of the EGR Operator Awards taking home the top affiliate award in the online gambling industry: *The Affiliate of the Year Award*. This is the first time that the Group has won the award.
- EGR *Casino Affiliate* Award | Also at the 2018 EGR Operator Awards, the Group claimed the Casino Affiliate award for the first time, having previously won the *Gaming Affiliate* award in 2014.

Significant Events After the Reporting Period

- Department of Justice Wire Act Re-Interpretation | The United States Department of Justice released an opinion which re-interpreted the Department’s own opinion on the Wire Act from 2011. The ramifications of the new opinion are not yet clear but could create headwinds for the roll-out of regulated online gambling in the United States.
- Regulation of Swedish Online Gambling Market | As of January 1, 2019 the Swedish market is locally regulated and taxed. We have seen our Swedish assets perform well in terms of NDC productions but also seen a commensurate decrease in player value.

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CEO Comments

The Group delivered, again, a record quarter in terms of revenue, EBITDA and Adjusted EBITDA as a result of substantial, ongoing organic revenue growth amounting to 62% for the fourth quarter and 37% for the full year.

Record Traffic and New Depositing Customer (NDC) Production

The Group's assets have continued to perform across the board, but particularly well in terms of organic search on the back of the Google algorithm updates from the second half of 2018. NDC production reached a new record high during the fourth quarter.

Wire Act Re-interpretation by the United States Department of Justice

For those that have been watching the regulated US online gaming market for a long time, the two-steps forward, one-step back pattern of development will be familiar.

In early January, the Department of Justice (DOJ) released an opinion which re-interpreted the Department's own 2011 opinion on what the 1961 Wire Act covers. The key change of the new opinion is that it claims the Wire Act applies to all forms of online gambling as opposed to just sports betting. As a federal law the Wire Act has no bearing on intra-state online gambling which remains a matter purely for each individual state to consider and regulate. The concerns stem from the fact that online commerce transactions designed to be intra-state may actually be inter-state, even if only incidentally, which could cause issues for payment processors.

The legal standing of the updated opinion is highly contentious, has been vigorously attacked by former DOJ officials, politicians, legislators, attorneys general and the mainstream media, and already faces multiple court challenges. We see the long-term effects of the new opinion being limited, but the short-term impact will be a headwind on states looking at regulating sports betting this year.

Regulated US Sports Betting Developments

Despite the re-interpreted Wire Act, we have seen sports betting bills being introduced in 25 different states so far in 2019. The proposals vary, many of which do not include provisions for a viable online gambling market in their current forms, but the amount of activity is extraordinary, and the general trend is positive. We expect legislators to continue to introduce more bills in additional states.

While we are not the loudest voice in the room, we are advancing our agenda through a public affairs initiative aimed at educating and informing legislators, regulators and policy makers about what good online gambling policy looks like. We have succeeded in publishing a number of op-ed pieces and have shared our expertise with lawmakers in multiple states.

Changes in the European regulatory landscape

As of January 1st, 2019, the Swedish market is regulated and taxed locally. We have seen our assets in this market perform well in terms of NDC production, but player value has decreased somewhat as the market absorbs the new taxes and fees required to operate.

As previously announced The United Kingdom's 2019 budget included a provision to increase Remote Gaming Duty from 15% to 21%, effective April 1st, 2019. The increase represents a small headwind in terms of player values in the United Kingdom, the Group's largest market.

Organisational Development

The Group has continued to rapidly scale its product and technology teams as planned having resulted in a slightly lower EBITDA margin for the fourth quarter as compared to the third quarter. The Group ended the quarter with 83 full-time employees in addition to a number of full-time consultants. The Group has leased additional office space in Dublin to facilitate future hires during the beginning of 2019.

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Operational Results

Operationally we saw continued strong growth in the fourth quarter with revenue of EUR 4.94 million representing growth of 81% compared with the same period last year and NDCs totalling 24,838, representing growth of 140% compared with the same period last year. The growth was led by organic natural search revenue in both the casino and sports verticals. The Group continued to derive a vast majority of revenue from locally regulated markets and this proportion is increasing due to the local regulation of the Swedish market.

Despite the short-term regulatory challenges, we remain confident in our ability to deliver substantial growth over the next 12 months. A key focus area for 2019 is diversifying away from the UK into other regulated markets. We are also re-doubling our efforts to maintain our lead in terms of technology by investing further into our internal tools. Operationally we are making great progress on these initiatives.

We remain determined to continue to build long-term value for the Group by becoming a leader in performance marketing in the United States while further strengthening our position in Europe.

Charles Gillespie
Chief Executive Officer

Consolidated Key Ratios

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Financial measures defined by IFRS				
Operating Revenue (EUR ‘000)	4,935	2,728	16,233	9,968
Operating Profit (EUR ‘000)	1,346	646	4,348	2,605
Operating Profit margin (%)	27%	24%	27%	26%
Adjusted Operating Profit (EUR ‘000)	1,507	734	5,197	2,827
Adjusted Operating Profit margin (%)	31%	27%	32%	28%
Alternative performance measures				
Adjusted EBITDA (EUR ‘000)	1,603	836	5,824	3,169
Adjusted EBITDA margin (%)	32%	31%	36%	32%
EBITDA (EUR ‘000)	1,442	748	4,975	2,947
EBITDA margin (%)	29%	27%	31%	30%
NDC ('000)	25	10	75	36
NIBD/ TTM Adjusted EBITDA	2.4	4.3	2.4	4.3
Total assets (EUR ‘000)	34,510	31,068	34,510	31,068
Average number of employees	80	25	50	24

Some financial measures presented in this interim report are not defined by IFRS. Such measures may provide valuable additional information to investors and management for evaluating the performance and position of the Group. These measures are defined on the last page of this report and may not necessarily be comparable to similarly titled measures of other companies and should not be considered substitutes to financial reporting measures prepared in accordance with IFRS.

Financial Review

Revenues | Revenue in the fourth quarter totalled EUR 4.94 (2.73) million an increase of 81% compared to the corresponding period in the previous year.

Revenue for the full year totalled EUR 16.23 (9.97) million an increase of 63% compared to the previous year.

The growth was driven by organic growth in combination with acquisitions. The organic growth was 62% in the fourth quarter and 37% in the full year. Organic growth excluding paid revenue was 72% in the fourth quarter and 46 % in the full year.

Of the fourth quarter revenue EUR 4.33 (2.20) million was search revenue and EUR 0.60 (0.52) million paid revenue, and for the full year EUR 13.61 (7.57) million was search revenue and EUR 2.62 (2.40) million was paid revenue.

Approximately 73% derived from locally regulated markets in the fourth quarter and approximately 74% in the full year.

Expenses | Total operating expenses for the fourth quarter amounted to EUR 3.59 (2.08) million and for the full year EUR 11.89 (7.36) million.

Direct costs related to paid revenue amounted to EUR 0.68 (0.57) million in the fourth quarter and totalled to EUR 2.58 (2.38) million for the full year resulting in gross margins of 86% (79%) for the fourth quarter and 84% (76%) for the full year.

The group has scaled-up its operational resources in terms of management, personnel, full-time consultants, and board of directors. We have also continued to invest for the future through product development, search-engine optimisation, and content creation with a heavy focus on products for the regulated US markets particularly within the sports vertical.

During the fourth quarter the group incurred non-recurring costs related to Bond issuance and Note Amendments. In 2018 the group incurred significant non-recurring costs related to exploratory financing activities no longer part of near-term strategy in addition to costs associated with the Bond Issuance and Note Amendments.

Financial items included movements in fair value of the Bond and Notes of EUR neg. 0.90 (neg. 2.52) million in the fourth quarter and EUR 3.74 (neg. 5.44) million for the year based on the directors' assessment of the probability of conversion, early repayment, maturity, and early redemption of the Bond and the Notes.

Financial items otherwise consisted primarily of interest expenses deriving from the 2019 Notes, the 2020 Notes, the 2021 Bond and deemed interest derived from earn-out obligations for the acquired assets.

Tax charges amounted to tax credit of EUR 0.04 (tax credit of 0.03) million in the fourth quarter and tax expenses EUR 0.11 (tax credit of 0.12) million for the year. Tax charges primarily relates to movements in deferred tax that do not affect current year cash-flow.

Earnings | Adjusted EBITDA (excluding non-recurring costs) for the fourth quarter totalled EUR 1.60 (0.84) million an increase of 92% compared to the corresponding period in the previous year resulting in an adjusted EBITDA margin of 32% (31%).

EBITDA (including non-recurring costs) for the fourth quarter totalled EUR 1.44 (0.75) million an increase of 93% compared to the corresponding period in the previous year resulting in an EBITDA margin of 29% (27%).

Adjusted EBITDA (excluding non-recurring costs) for the year totalled EUR 5.82 (3.17) million an increase of 84% compared to the corresponding period in the previous year and resulting in an adjusted EBITDA margin of 36% (32%).

EBITDA for the year totalled EUR 4.98 (2.95) million an increase of 69% compared to the previous year and resulting in an EBITDA margin of 31% (30%).

Investments | Net investments in intangible assets amounted to EUR nil (nil) in the fourth quarter and EUR 7.93 (11.33) million in the full year based on the expected total consideration including contingent and other deferred payments. This is attributed to the acquisition of a major mobile application performance marketing network in January and the acquisition of bookies.com and related assets in February.

The Group also made investments in fixed property of EUR 0.05 (0.01) million in the fourth quarter and EUR 0.42 (0.10) million in the year mostly related to the Dublin office.

Funding | As per the reporting period end the Group was funded through equity, the 2021 Bond and part of the 2019 Notes (Redemption of 63% of nominal balance was agreed in in the fourth quarter) with a combined nominal value of EUR 18.13 million, EUR 2.63 million of which matures in June 2019 and EUR 15.5 million of which matures in October 2021. As per the year end the Company held EUR 0.5 million of 2021 Bonds in treasury which have been netted within Borrowings. The 2019 Notes and the 2021 Notes carry interest at 10% and 10.5%, respectively. The 2019 Notes would be converted into equity of the Company in the event of an IPO or change of control event prior to maturity at a discount to the price per share established in an IPO or change of control event and are convertable at the option of the Note holder at maturity at a valuation of 10x TTM EBITDA. The 2021 Bond has early redemption rights embedded form April 2020 until maturity in October 2021 (full terms set out in the 2021 Bond prospectus).

The Bond and Notes balances exceed the nominal value and accrued interest of the Bond and Notes by EUR 0.90 (5.44) million included within Borrowings; this represents the fair value as of the period end including the embedded option of early redemption, the expected cost of conversion, or maturity payment of the Bond and Notes.

Liquidity and Cashflow | Cash and cash equivalents amounted to EUR 3.88 (1.57) million at the end of the reporting period. Liquidity is primarily deposited in accounts with European banks. The Group had positive cashflow and strong cash conversion from operating activities. Cashflow from operating activities before changes in working capital amounted to EUR 1.14 (0.81) million in the fourth quarter and EUR 4.47 (3.01) million in the full year.

Cashflow from investing activities related to the cash payments for the acquisitions of a mobile application performance marketing network, bookies.com and related assets, and contingent earn-out payments for previous acquisitions along with investments in fixed assets.

Cashflow from financing activities during the year related to the transfer of proceeds from convertible debentures raised in 2017 from an investment bank to the Company which were held in a client account with the Investment bank straddling the year-end, redemption payments made to the 2019 and 2020 Note holders, and proceeds received from the 2021 Bond net of transaction costs incurred.

Other

Employees | The average number of employees in the Group in the fourth quarter amounted to 80 (25) and for the full year 50 (24). The number of employees at the end of the fourth quarter amounted to 83 (27).

Parent company | The ultimate parent company is Gambling.com Group Plc (the "Company") incorporated in Malta for the purpose of receiving dividend income from its subsidiaries. During the fourth quarter and full year no dividends were received from subsidiaries.

Share capital | As of December 31st, 2018, the share capital of the Group amounted to EUR 50,000 divided into 25,000,000 ordinary shares. The shares are not publicly traded.

Share options | During the fourth quarter the Company cancelled share options issued to the sellers of one of the assets acquired in February 2017 as a part of an amendment of the terms of deferred consideration. No Share options were issued in the fourth quarter. In the year the Company issued 1.75 million share options to management and directors paid for at fair market value and exercisable in 2021. Maximum dilution from issued share options is approximately 8% of share capital.

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Essential risks and uncertainty factors | The Group's business is dependent on its ability to maintain efficient search engine optimization and online marketing. Search engines and other market participants such as Google, Bing, and Yahoo! could, in the future, implement strategies aimed at preventing or restricting search engine optimization or online marketing carried out by independent parties, including the Group. Other essential business risks consist of re-regulation of markets and the ability to retain customers and employees, the general macro environment, the strategic, the operational and the financial risk. For more detailed information about essential risks and risk management, please refer to the annual report for 2017 and the 2021 Bond prospectus.

Changes in Legislation | The introduction of locally regulated online gambling in Sweden gives long term legal certainty for the Swedish market which constituted approximately 15% of Group revenue in the fourth quarter. The Group expects the introduction of an 18% point of consumption tax on operators to impact average FTD values for affiliates negatively but looks favourably upon the potential for increased market growth and further marketing channels opening up.

The UK government has announced an increase in Remote Gaming Duty on operators from 15% to 21% with effect from April 2019. The UK is the Group's largest market constituting approximately 69% of Group revenue in the fourth quarter. The Group expects the tax increase to have a limited negative effect on average FTD values.

Auditors review | This interim report has not been reviewed by the Company's auditors.

The Board of Directors and the CEO affirm that this interim report provides an accurate overview of the operations, financial position, and performance of the Group, and describes the significant risks and uncertainties faced by the companies in the Group.

February 27th, 2019

Charles Gillespie
On behalf of the board of directors

About Gambling.com Group Plc

Gambling.com Group Plc is a multi-award-winning provider of digital marketing services for the global iGaming industry. Founded in 2006, the Group has a workforce of over 80 and operates from offices in Dublin, Tampa, Monaco and Malta. The Group publishes websites that offer comparisons and reviews of online gambling websites in 21 national markets in 8 languages. Players use these resources to select which online gambling operators they should trust to offer a safe and honest online gambling experience. The Group's publishing assets include the leading iGaming industry portal, Gambling.com® as well as Bookies.com and the CasinoSource℠ series of portals, among many others.

Condensed Consolidated Statement of Comprehensive Income

(EUR 000')	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Revenues	4,935	2,728	16,233	9,968
Total revenue	**4,935**	**2,728**	**16,233**	**9,968**
Direct costs related to paid revenue	(681)	(574)	(2,584)	(2,383)
Personnel expenses	(1,360)	(342)	(3,851)	(1,291)
Depreciation and amortization	(96)	(102)	(627)	(342)
Non-recurring costs related to financing and investing	(161)	(88)	(849)	(222)
Other operating expenses	(1,291)	(976)	(3,974)	(3,125)
Operating profit, EBIT	**1,346**	**646**	**4,348**	**2,605**
Interest payable on borrowings	(458)	(283)	(1,655)	(707)
Other (losses)/profits on financial liability at fair value through profit and loss	(899)	(2,523)	3,743	(5,444)
Finance income	68	-	166	-
Finance costs	(573)	(687)	(1,057)	(1,233)
(Loss)/Profit before tax, EBT	**(516)**	**(2,847)**	**5,545**	**(4,779)**
Tax credit/(expenses)	39	30	(115)	118
Total comprehensive (loss)/profit for the period	**(477)**	**(2,817)**	**5,430**	**(4,661)**

Condensed Consolidated Statement of Financial Position

(EUR 000')	Dec 31 2018	Dec 31 2017
ASSETS		
Non-current assets		
Intangible assets	27,314	19,951
Property and equipment	414	63
Deferred tax	130	238
Total non-current assets	**27,858**	**20,252**
Current assets		
Trade and other receivables	2,771	9,247
Cash and cash equivalents	3,881	1,569
Total current assets	**6,652**	**10,816**
TOTAL ASSETS	**34,510**	**31,068**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	50	23
Capital reserve	8,574	8,601
Share option reserve	112	198
Retained earnings	2,191	(3,231)
Total equity attributable to the equity holders of the parent	**10,927**	**5,591**
Non-current liabilities		
Borrowings	16,399	22,151
Amounts committed on acquisition	-	169
Total non-current liabilities	**16,399**	**22,320**
Current liabilities		
Trade and other payables	1,330	669
Borrowings and accrued interest	3,191	-
Amounts committed on acquisition	1,283	2,488
Other liabilities	1,380	-
Total current liabilities	**7,184**	**3,157**
TOTAL LIABILITIES	**23,583**	**25,477**
TOTAL EQUITY AND LIABILITIES	**34,510**	**31,068**

Condensed Consolidated Statement of Changes in Equity

(EUR 000')	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Opening balance at beginning of period	**11,549**	**8,408**	**5,591**	**10,054**
Comprehensive income				
(Loss)/Profit for the period	(477)	(2,817)	5,430	(4,661)
Transactions with owners				
Movements in share options' reserve	(138)	-	(86)	198
Movements in other reserves	(8)	-	(8)	-
Closing balance for the period	**10,927**	**5,591**	**10,927**	**5,591**

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Condensed Consolidated Cash Flow Statement

(EUR '000)	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Cash flows from operating activities				
Operating profit	1,346	646	4,348	2,605
Adjustments for non-cash items:				
Depreciation and amortisation	96	102	627	342
Impairment of receivables	169	64	169	64
Income tax paid	(470)	(3)	(675)	(3)
Cash-flows from operating activities before changes in working capital	**1,141**	**809**	**4,469**	**3,008**
Changes in working capital				
Trade and other receivables	(721)	104	(1,291)	(607)
Trade and other payables	184	(439)	1,123	376
Net cash generated from operating activities	**604**	**474**	**4,301**	**2,777**
Investing activities				
Acquisition of property, plant and equipment	(49)	(7)	(416)	(46)
Acquisition of intangible assets	(2,357)	-	(9,588)	(5,244)
Cash-flows used in investing activates	**(2,406)**	**(7)**	**(10,004)**	**(5,290)**
Financing activities				
Proceeds from issuance of promissory notes	15,500	196	23,204	4,766
Repayment of promissory notes	(12,131)	-	(12,131)	-
Payments made to shareholders	(655)	-	(655)	-
Interest paid	(440)	-	(1,818)	-
Transaction costs paid on promissory note	(450)	(413)	(587)	(793)
Cash-flow (used in)/generated from financing activities	**1,824**	**(217)**	**8,013**	**3,973**
Cash-flows for the period	**22**	**250**	**2,311**	**1,460**
Cash and cash equivalents at the beginning of the period	3,858	1,319	1,569	109
Cash and cash equivalents at the end of the period	**3,881**	**1,569**	**3,881**	**1,569**

Note 1 Accounting policies and disclosures | The Group's interim report is prepared in accordance with IAS 34 Interim Reporting and, for the Parent Company, RFR 2. In all other respects, the accounting policies applied correspond with that stated in the annual report for 2017. Disclosures pursuant to Paragraph 16A of IAS 34 appear in the financial statements and their accompanying notes, and in other parts of this interim report.

The new standards which became effective as from January 1st, 2018 are included below.

IFRS 9 "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model in IAS 39 and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI (FVOCI) and fair value through P&L (FVTPL). Notwithstanding this change, trade and other receivables which are measured at amortised cost under IAS 39, will also continue to be measured at amortised cost.

For Investments in equity instruments there were not changes to classification and measurement as the Group holds no equity instruments.

IFRS 9 also introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. This amendment impacts the Group only to the extent of trade and other receivables.

The hedge accounting provisions in IFRS 9 will also have no impact on the Group.

For financial liabilities, there were no changes to classification and measurement.

There has been no impact on the recognition of fair value movements in the company's convertible bond measured at FVTPL as a result of this amendment. This standard will be applied retrospectively. However, since no impact has been identified no adjustments to comparative figures will be required.

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash-flows arising from an entity's contracts with customers.

The Group earns commission-based fees that are either revenue-share contracts, CPA contracts or a hybrid of these two models. In the Group's revenue model, potential players are referred to iGaming operators, and commissions are earned when, and if, the referred players effect deposits or as the case may be, place wagers. The Group's revenues are thus deemed to be variable, however determinable at each month end. The standard requires that variable considerations be estimated, and that estimate is recognised in the statement of comprehensive income as the performance obligation is satisfied. However, the Group's revenue model falls under an exception on variable consideration that is applicable to variable consideration generated from sales- or usage- based royalties on licences of intellectual property, the amount of which is dependent on the licensee's sales or usage efforts and therefore unknown until the licensee uses the intellectual property. As such the Group's revenue is only recognised when there is no longer any variability. Under IFRS 15, the Group therefore recognises income from revenue share contracts and CPA contracts at the end of each month, when there is no longer any variability on the consideration.

On the basis of the above, the effects of the introduction of IFRS 15 have not resulted in any changes to the Group's revenue recognition model and have not had material effect on the Group's financial statements. This standard will be applied retrospectively. However, since no impact has been identified no adjustments to comparative figures will be required.

For a complete account of the important estimates and assessments affecting the Group, refer to the 2017 Annual report according to IFRS.

Note 2 Related party transactions | All companies forming part of Gambling.com Group Plc (formerly KAX Media Limited), the shareholders and other companies controlled or significantly influenced by the shareholders are considered by the directors to be related parties. The ultimate controlling party of Gambling.com Group Plc is Mr Mark Blandford.

During the year ended 31 December 2018 consultancy services totalling EUR 0.62 (0.38) million was purchased from the related parties of which EUR 0.30 (0.17) million related to the fourth quarter.

During the fourth quarter the Group transferred EUR 0.66 million to related parties on behalf of certain incoming shareholders of the company that had opted to purchase shares in the Group from selling shareholders for redemption proceeds from the 2019 and 2020 Notes. As per year end the Group held EUR 1.38 million as a current liability to redeemed Note Holders that will become payable to selling shareholders subject to the fulfilment of certain due diligence requirements for the incoming shareholders. Subsequent to year-end EUR 0.50 million has been transferred to selling shareholders.

Note 3 Segment | Gambling.com Group's operations and management is organized by one business segment, gambling affiliation.

Note 4 Intangible Assets | The Group's acquisitions comprise of domains, websites, and player databases. The consideration paid for player databases is determined by reference to the historical average revenue per active player for the portfolio of acquired players over the expected player life. The residual value is allocated to domains and websites. Player databases are amortised over the average expected player life of the portfolio of players. Domains and websites are attributed an indefinite useful life and are therefore not amortised but tested for impairment.

Net additions of EUR 7.93 million for the year ended 31 December 2018 comprised of the acquisitions of a mobile performance network and bookies.com and related assets.

Additions comprising contingent considerations based on estimates are recognised at fair value. Fair value movements amounted to neg. EUR 0.23 (neg. 1.04) million related to changes in estimate of contingent considerations and deemed interest. As per year end there were no remaining considerations payable that are contingent on the future performance of acquired assets.

Note 5 Borrowings | As per the year-end the borrowings' balance of the Group was represented by two separate debentures. The 2019 Notes are promissory Notes that were issued in February 2017 with an aggregate nominal loan amount of EUR 7.10 million of which EUR 4.48 million were redeemed in the fourth quarter thus resulting in an outstanding nominal balance of EUR 2.63 million at year end. The 2019 notes carry interest accruing at a rate of 10% per annum due for payment annually. The amount is due for repayment on the earlier of either June 30th, 2019, at which point investors have the option to convert to equity at a valuation of 10x TTM EBITDA, a default event, or if the Company conducts an Initial Public Offering (IPO) or change of control event, in which case the convertible amount is converted to common stock in the Company at a discount to market value as established in the IPO or change of control event.

The 2021 Bond is a senior secured fixed rate bond listed on Nasdaq Stockholm with and aggregate nominal balance of EUR 16.00 million (under a total framework of EUR 25 million) carrying interest at 10.5% due for payment semi-annually. As per year end the Company held EUR 0.5 million of the 2021 Bond in treasury which is netted within Borrowings. The bond is due for repayment on the earlier of either October 22, 2021, a default event, or a change of control event. The bond has an embedded option for early redemption between April 2020 and maturity (full terms set out in the 2021 Bond prospectus).

The 2019 Notes and the 2021 Bond are carried at fair value based on an event probability basis. The significant inputs are the values associated with each of the potential conversion, repayment, or early redemption scenarios and the probability associated with each scenario. Included in the valuation are significant unobservable estimates that have been used to derive the fair value. This include the probability of a maturity repayment or conversion, early redemption, Initial Public Offering (IPO), a private transaction, or a corporate transaction of the Group, the timing of such events and the discount rate applied to each scenario. The director's assessment as at the reporting date of the probability of each such scenarios results in the movement in fair value.

During the fourth quarter the Group has redeemed the 2020 Bonds in full.

Condensed Parent Company Statement of Comprehensive Income

(EUR 000')	Jan-Dec 2018	Jan-Dec 2017
Revenues	-	-
Total revenue	**-**	**-**
Board fees	(118)	-
Depreciation	(12)	(2)
Non-recurring costs related to financing and investing	(244)	(71)
Other operating expenses	(71)	(40)
Operating loss, EBIT	**(445)**	**(113)**
Interest payable on borrowings	(1,654)	(707)
Other profits/(losses) on financial liability at fair value through profit and loss	3,743	(5,444)
Finance income	1,657	693
Finance costs	(451)	(793)
Profit/(Loss) before tax, EBT	**2,850**	**(6,364)**
Tax expense	-	-
Total comprehensive income/(loss) for the period	**2,850**	**(6,364)**

gambling.com group Plc

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Condensed Parent Company Statement of Financial Position

(EUR 000')	Dec 31 2018	Dec 31 2017
ASSETS		
Non-current assets		
Investment in Subsidiaries	9,133	9,133
Property and equipment	2	14
Total non-current assets	**9,135**	**9,147**
Current assets		
Trade and other receivables	16,108	16,226
Cash and cash equivalents	2,084	282
Total current assets	**18,192**	**16,508**
TOTAL ASSETS	**27,327**	**25,655**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	50	23
Capital reserve	4,726	4,762
Share option reserve	112	198
Retained earnings	1,228	(1,622)
Total equity attributable to the equity holders of the parent	**6,116**	**3,361**
Non-current liabilities		
Borrowings	16,399	22,151
Total non-current liabilities	**16,399**	**22,151**
Current liabilities		
Trade and other payables	241	143
Borrowings and accrued interest	3,191	-
Other liabilities	1,380	-
Total current liabilities	**4,812**	**143**
TOTAL LIABILITIES	**21,211**	**22,294**
TOTAL EQUITY AND LIABILITIES	**27,327**	**25,655**

Definition and purpose of alternative performance measure | In this interim report, we are using the following alternative key figures, as we believe they are relevant in follow-up of our strategy and financial goals.

Alternative performance measure	Definition	Purpose
Adjusted Operating Profit	Operating profit adjusted for non-recurring expenses	Monitors normalised operating profit.
Adjusted Operating Profit Margin	Adjusted operating profit as a percentage of revenue	Monitors normalised operating profitability.
EBITDA	Operating result before depreciation and amortisation.	Monitors operating profit and cash-flow.
EBITDA Margin	EBITDA as a percentage of Revenue	Monitors operational profitability.
Adjusted EBITDA	EBITDA adjusted for non-recurring expenses.	Monitors normalised operating profit and cash-flow.
Adjusted EBITDA Margin	Adjusted EBITDA as a percentage of revenue.	Monitors normalised operational profitability
NDC (New Depositing Customers)	A new customer placing a first deposit on a client's website.	The Group reports these key figures as they are key drivers for organic growth and revenues.
NIBD / TTM Adjusted EBITDA	Interest bearing debt adjusted for fair value movements, cash and treasury bonds divided by trailing twelve months EBITDA adjusted for fair value movements and non-recurring expenses.	Monitors leverage as defined in the Bond prospectus.