Year-end Report Jan-Dec 2019 | Q4

OCT-DEC 2019 (COMPARED WITH OCT-DEC 2018)

- Revenues totalled EUR 3.44 (4.94) million, a decrease of 30%.
- Adjusted EBITDA excluding non-recurring costs totalled EUR 0.18 (1.60) million, corresponding to an adjusted EBITDA margin of 5 (32)%.
- EBITDA totalled neg. EUR 0.13 (1.44) million, corresponding to an EBITDA margin of -4 (29)%.
- Net cash generated from operating activities was EUR 0.14 (0.60) million.
- New Depositing Customers (NDCs) totalled 13,618 (25,133).

JAN-DEC 2019 (COMPARED WITH JAN-DEC 2018)

- Revenues totalled EUR 17.26 (16.23) million, an increase of 6%.
- Adjusted EBITDA excluding non-recurring costs totalled EUR 3.55 (5.82) million, corresponding to an adjusted EBITDA margin of 21 (36)%.
- EBITDA totalled EUR 3.04 (4.98) million, corresponding to an EBITDA margin of 18 (31)%.
- Net cash generated from operating activities was EUR 3.74 (4.30) million.
- New Depositing Customers (NDCs) totalled 78,781 (74,838).

SIGNIFICANT EVENTS DURING THE FORTH QUARTER 2019

- **Appointment of U.S. Lead |** The Group appointed Max Bichsel, formerly director of sales for Kambi, as VP US Business
- **Colorado approval |** Introduction of regulated online sports betting in Colorado was approved by referendum.
- **Indiana approval |** Gambling.com Group received approval from Indiana Gaming Commission to provide services in the state.
- **Closing of Edison Partners Transaction |** The equity investment agreed with Edison Partners closed.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- **Partnership with ICE |** 2020 American Gambling Awards will be conducted in partnership with ICE North America.
- **New Equity Investment |** The Group secured new equity investment of USD 0.5 million.

CEO COMMENTS

Operational results
The fourth quarter was challenging for the Group resulting in lower Revenue, EBITDA, and NDCs compared to the exceptionally strong fourth quarter in 2018. In line with the industry at large we saw the headwinds from regulatory changes in the UK and Swedish markets continue as well as unusually low sports margins. In addition, changes to Google search algorithms negatively affected search performance in the quarter. Paid traffic remained at very low levels as we review the profitability of the channel.

Despite these challenges the Group still achieved year on year revenue growth of 6% in 2019 with revenue reaching EUR 17.26 million. EBITDA fell to EUR 3.04 million as the Group scaled its product and tech teams in order to best position itself for growth in the US market.

Together the UK and Swedish markets declined by 12% in 2019 compared to 2018. In contrast, the Group's other markets, grew by 112% year on year and represented over EUR 5 million in revenue for 2019.

Search Performance
Google announced a core algorithm update at the end of September that negatively affected the Groups search traffic throughout the fourth quarter. When search rankings began to fluctuate our SEO team took immediate action to diagnose and prioritize optimizations to our content to try and recover lost positions. The quick response has had effects and search traffic has begun to recover.

Technology investments
2019 was a year of investments in our foundations, in particular the technology stack to deliver our websites. While these investments are critical to our long-term growth prospects, the short-term impact has been a diversion of resources away from everyday improvements of the Group's websites. The largest of these projects, a new Group-wide Content Management System, will go live at the end of February. With our new tools in place and more resources working on our consumer facing products, we are confident we will be able to return our search performance to best in class across the markets where we operate.

American sports betting & online gambling developments
I continue to be very excited about the US opportunity and see the US market playing a significant role in the Group's growth over the coming years. Many state legislatures are now in session again and there has been no shortage of activity as many states pick up where they left off in 2019. Michigan is the latest state to join the sports betting wave but did not stop there as it also regulated online casino games. The Group is currently awaiting regulations or pursuing licensure in Colorado, Michigan, Illinois, Tennessee and Iowa. The Group is currently authorized to do business in New Jersey, Pennsylvania, West Virginia and Indiana. The US market grew at the fastest rate of any of the Group's markets during the fourth quarter.

Equity Fundraising
During the quarter, the Group closed the growth equity investment of USD 15.5 million, of which USD 6.98 million in new equity, announced on September 5th, 2019 with Edison Partners. After the reporting period the Group has secured an additional USD 0.50 million in equity investment.

Cost Control
In the beginning of November, the Group took the strategic decision to exit certain smaller markets and segments where it lacks scale and traction in order to better focus resource where we see the highest future growth potential resulting in reduced monthly operating expenses of EUR 0.16 million. The Group continues to carefully review and control costs to maintain sufficient EBITDA margins.

2020 Outlook
We took many significant costs during 2019 which will begin to bear fruit in 2020. Despite entering 2020 on a lower revenue run-rate than at the start of 2019, I am confident that the Group's legacy, European business will grow from its current level. I am seriously excited, however, about our growth prospects in the US market where we are beginning to see steady growth.

Charles Gillespie
Chief Executive Officer

CONSOLIDATED KEY RATIOS

	Oct- Dec 2019	Oct-Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Financial measures defined by IFRS				
Operating Revenue (EUR'000)	**3,436**	4,935	**17,264**	16,233
Operating (Loss) Profit (EUR'000)	**(323)**	1,346	**2,378**	4,348
Operating Profit margin (%)	**-9%**	27%	**14%**	27%
Adjusted Operating (Loss) Profit (EUR'000)	**(16)**	1,507	**2,887**	5,197
Adjusted Operating Profit margin (%)	**-0.1%**	31%	**17%**	32%
Alternative performance measures				
Adjusted EBITDA (EUR'000)	**182**	1,603	**3,546**	5,824
Adjusted EBITDA margin (%)	**5%**	32%	**21%**	36%
EBITDA (EUR'000)	**(125)**	1,442	**3,037**	4,975
EBITDA margin (%)	**-4%**	29%	**18%**	31%
NDCs	**13,618**	25,133	**78,781**	74,838
Total assets (EUR '000)	**37,533**	34,510	**37,533**	34,510
NIBD / TTM Adjusted EBITDA	**2.58**	2.40	**2.58**	2.40
Average number of employees	**120**	80	**115**	50

Some financial measures presented in this year-end 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 | Revenues in the fourth quarter totalled EUR 3.44 (4.94) million a decrease of 30% compared to the corresponding period in the previous year.

Cumulative revenues for the full year totalled EUR 17.26 (16.23) million, an increase of 6%.

Earned revenue (SEO and direct navigation) decreased by 27% in the fourth quarter. Earned revenues for the full year increased by 17%. Paid revenue (bought traffic) decreased by 53% in the fourth quarter and 48% for the full year.

Of the fourth quarter revenues EUR 3.16 (4.33) million was earned revenue and EUR 0.28 (0.60) million was paid revenue. For the full year EUR 15.90 (13.61) million was earned revenue and EUR 1.36 (2.63) million was paid revenue.

Revenues derived from locally regulated markets amounted to 79% in the fourth quarter and 81% in the full year.

Expenses | Total operating expenses for the fourth quarter amounted to EUR 3.76 (3.59) million and EUR 14.89 (11.89) million for the full year.

Direct costs related to paid revenue amounted to EUR 0.35 (0.68) million in the fourth quarter and EUR 1.37 (2.58) million for the full year. Gross margin was 90 (86)% for the fourth quarter and 92 (84)% for the full year.

The Group significantly scaled its operational resources as planned in the beginning of the year investing for the future in product and software development and content creation with a heavy focus on products for the regulated US markets, but also further market expansion outside the UK and US markets, and particularly within the sports vertical. This has put downward pressure on Adjusted EBITDA margins in the short term.

Whereas the Group has continued to invest in product and software development, it has slowed down the pace of hiring to consolidate the enlarged organisation focusing on optimising management processes and workflows, and the completion of some major technology projects.

During the fourth quarter the Group took the strategic decision to exit certain smaller markets and segments where it lacks scale and traction in order to better focus resource where it sees the highest future growth potential. As a result, some teams were re-structured and certain contracts terminated resulting in non-recurring restructuring expenses of EUR 0.22 million in the fourth quarter.

Other non-recurring costs in the fourth quarter and for the full year related to costs incurred in connection with the equity investment into the Group.

Financial items for the fourth quarter consisted primarily of interest expenses deriving from the 2021 Bond, and deemed interest derived from long-term lease liabilities (being a result of IFRS 16 application). Financial items for the full year additionally included interest expenses deriving from the 2019 Notes and movement in fair value of Bonds and Notes of total current year cumulative negative charge EUR 0.05 (3.74) million. Fair values are based on the directors' assessment of the probability of conversion, maturity and early redemption of the financial instruments.

Tax charges amounted to EUR 0.88 (tax credit 0.04) million in the fourth quarter and EUR 0.94 (0.12) million for the full year of which EUR 0.65 (tax credit 0.04) in the fourth quarter and EUR 0.67 (0.10) in the full year related to movements in deferred taxes. Deferred taxes relate to tax amortisation of intangible assets and would only become due upon the divestment of such intangible assets.

Earnings | Adjusted EBITDA (excluding non-recurring costs) for the fourth quarter totalled EUR 0.18 (1.60) million, a decrease of 89% compared to the corresponding period in the previous year resulting in an adjusted EBITDA margin of 5 (32)%.

EBITDA (including non-recurring costs) for the fourth quarter totalled EUR neg. 0.13 (1.44) million a decrease of 109% compared to the corresponding period in the previous year resulting in an EBITDA margin of -4 (29)%.

Adjusted EBITDA (excluding non-recurring costs) for the full year totalled EUR 3.55 (5.82) million, a decrease of 39% compared to the previous year resulting in an adjusted EBITDA margin of 21 (36)%.

EBITDA (including non-recurring costs) for the full year totalled EUR 3.04 (4.98) million, a decrease of 39% compared to the previous year resulting in an EBITDA margin of 18 (31)%.

Investments | The Group did not invest in intangible assets during the year (EUR 7.93 million). In the third quarter the Group made a final deferred payment of EUR 1.33 million due for the mobile application performance marketing network acquired in January 2018.

The Group made investments in fixed property of EUR 0.05 (0.05) million in the fourth quarter and EUR 0.21 (0.42) million in the full year, mostly related to office equipment.

Funding | As at year end the Group was funded through equity and the 2021 Bond with a nominal value of EUR 16 million, carrying interest at 10.5% p.a. and maturing in October 2021. The Bond has early redemption rights embedded from April 2020 until maturity in October 2021 (full terms set out in the 2021 Bond prospectus). The Group sold EUR 0.5 million of Bonds held in treasury during the year.

As at year end the Bond balance exceeded the nominal value and accrued interest by EUR 0.95 million included within Borrowings; this represents the fair value as of the period end of the embedded option of early redemption of the Bond.

In the fourth quarter the Group closed the agreement with Edison Partners for a growth investment into the Group of USD 15.5 million, of which USD 6.98 million in new equity, resulting in a net capital increase for the Group of EUR 6.26 million. Subsequent to the year end the Group entered into an agreement with an investor for a growth investment into the Group of USD 0.5 million in new equity.

Liquidity and Cashflow | Cash and cash equivalents amounted to EUR 6.24 (3.88) million at the end of the reporting period. Liquidity is primarily deposited in accounts with European banks. The Group retained strong cash conversion. Cashflow from operating activities before changes in working capital amounted to neg. EUR 0.06 (1.14) million in the fourth quarter and EUR 3.51 (4.47) million for the full year.

Cashflow used in investing activities for the current year included final cash payment made for the mobile application performance marketing network acquired in 2018, and office equipment purchases. Cashflow used in investing activities for the comparative periods comprised primarily of 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.

Cashflow used in financing activities in the current year related to equity investment received and related transaction costs, early redemption payments of 2019 Note holders, maturity redemption of outstanding 2019 Notes, scheduled interest payments, proceeds received from sale of treasury bonds. Rent payments for long term leases are presented as part of financing cashflows as a result of changes in IFRS requirements. Cashflow from financing activities for the comparative period related to the transfer of proceeds from convertible debentures raised in 2017 from an investment bank to the Group, issuance of the 2021 Bond, early redemption payments for the 2019 and 2020 Notes, transaction costs incurred upon issuance of the 2021 Bond, and scheduled interest payments.

OTHER

Employees | The average number of employees in the Group amounted to 120 (80) in the fourth quarter and 115 (50) in the full year. The number of employees at the end of the year amounted to 110 (78) and the total full-time workforce (including consultants) was 117 (83).

Parent company | The ultimate parent company is Gambling.com Group Plc (the “Company”) incorporated in Malta for the purpose of managing investments in subsidiaries, obtaining financing from third parties on behalf of the Group and coordinating financing amongst its subsidiaries. During the current year no dividends were received from subsidiaries.

Share capital | As of December 31, 2019, the share capital of the Company amounted to EUR 54,583 divided into 27,291,543 ordinary shares. The shares are not publicly traded.

Share options | During the current year the Company issued 0.10 (1.75) million share options to management and directors of the Group paid for at fair market value. In addition, the rights to, and time of, exercise was amended in relation to 0.50 million share options. Maximum dilution from total issued share options to management and directors is approximately 9% of the share capital.

Essential risks and uncertainty factors | The Group's primary operational risks are its reliance on search engine rankings and pay per click advertising capabilities to maintain and improve its traffic acquisition abilities. It is possible that search engines including Google, Yahoo, and Bing could adopt strategies that could negatively impact the Group's traffic acquisition. The Group has adopted a conservative and long-term approach to search engine optimisation based on best practice.

The Group is also subject to compliance risks in the form of changes to, or introduction of, new or updated regulatory frameworks for the Group or its clients (operators). Regulation of a market could present both risks and opportunities and the Group has a positive general view on regulation. The vast majority of the Group's revenue is derived from locally regulated markets.

Other essential business risks consist of the ability to retain customers and employees, the general macro environment, strategic, operational and financial risks. For more detailed information about essential risks and risk management, please refer to the annual report for 2018 (Note 2) and the 2021 Bond prospectus (Paragraph 1).

Changes in Legislation | In January 2019, the US Department of Justice (DOJ) released an opinion which re-interpreted the Department's own 2011 opinion on what the 1961 Wire Act covers now arguing that the Act covers all forms of online gambling as opposed to just sports betting. Whilst this has no bearing on intra-state online gambling, a matter purely for individual states, it could create legal uncertainty for payment processors due to the interstate nature of payment flows. The re-interpretation has been widely challenged, the DOJ has not enforced its opinion, and state legislative activity for US gambling regulation does not seem to have slowed. The Group retains a positive outlook on continuous state regulation of US online betting and gambling a in the mid-term.

An increase in Remote Gaming Duty on operators from 15% to 21% in the UK market, the Group's largest revenue source, became effective from 1 April 2019. The UK Gambling Commission also implemented more rigid Operator KYC checks upon the registration of players. Analysis of the data subsequent to changes introduced indicates a decrease in expected player values as a result of increased taxation and lower NDC conversion as a result of the new KYC requirements. The Group expects lower UK player values to persist but NDC conversion to improve over time as a result of operator software improvements and player acclimatisation. The UK Gambling Commission has confirmed evaluating the introduction of stake limitations and a ban on credit card transactions. The Group anticipates stake limitations would have a detrimental effect on the regulated industry including for performance marketers whilst a ban on credit cards would have only limited negative effects. In the absence of detrimental regulatory changes, the Group expects the UK market to remain the most important regulated online gambling market in the world until eventually being overtaken by the US market.

The introduction of locally regulated online gambling in Sweden gives long term legal certainty for the Swedish market which remains a top five revenue source for the Group. The introduction of a consumption tax on operators as from 1st January 2019 has negatively impacted average player values.

Both the UK and the Swedish Gambling Regulators have been very active in enforcing marketing regulations with hefty penalties having been levied on operators for non-compliance. The Group looks favourably on the increased compliance focus, has not been involved in such non-compliance activities, and retains strong long-term relationships with the major UK and Swedish operators. Performance marketing remains within bounds even in markets which has taken the most restrictive view on online gambling marketing such as Italy.

In September the EU Payment Services Directive 2 became fully effective. Analysis of data subsequent to the implementation indicates reduced NDC conversion as a result of more onerous payment verification processes. The Group expects NDC conversion to improve over time as a result of payment provider software improvements and user acclimatisation.

Auditors review | This year-end report has not been reviewed by the Group's auditors.

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

February 28th, 2020

Charles Gillespie
On behalf of the board of directors

UPCOMING DATES

- **24 April 2020 |** 2019 Annual Report
- **20 May 2020 |** Q1 2020 Interim Report
- **19 August 2020 |** Q2 2020 Interim Report

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 117 and operates from offices in Malta, Dublin, Tampa and Charlotte. The Group publishes websites that offer comparisons and reviews of online gambling websites in 15 national markets in 9 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.

STATEMENT OF COMPREHENSIVE INCOME – GROUP

	Oct- Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Revenue	**3,436**	4,935	**17,264**	16,233
Total revenue	**3,436**	4,935	**17,264**	16,233
Direct costs related to paid revenue	**(350)**	(681)	**(1,374)**	(2,584)
Personnel expenses	**(1,898)**	(1,360)	**(7,401)**	(3,851)
Depreciation and amortization	**(198)**	(96)	**(659)**	(627)
Non-recurring costs related to financing and investing	**(87)**	(161)	**(289)**	(849)
Non-recurring costs related to restructuring	**(220)**	—	**(220)**	—
Other operating expenses	**(1,006)**	(1,291)	**(4,943)**	(3,974)
Operating (loss) profit, EBIT	**(323)**	1,346	**2,378**	4,348
Interest payable on borrowings	**(433)**	(458)	**(1,794)**	(1,655)
Other (losses) gains on financial liability at fair value through profit and loss	**—**	(899)	**(50)**	3,743
Finance income	**33**	68	**125**	166
Finance costs	**(87)**	(573)	**(296)**	(1,057)
(Loss) Profit before tax, EBT	**(810)**	(516)	**363**	5,545
Income tax expenses	**(225)**	(5)	**(273)**	(5)
Deferred tax (charge) credit	**(650)**	44	**(670)**	(110)
Total comprehensive (loss) profit for the period	**(1,685)**	(477)	**(580)**	5,430

All amounts are presented in EUR ‘000 unless stated otherwise

STATEMENT OF FINANCIAL POSITION – GROUP

	Dec 31 2019	Sept 30 2019	Dec 31 2018
ASSETS			
Non-current assets			
Intangible assets	**27,061**	27,139	27,314
Property and equipment	**490**	512	414
Right-to-use asset	**1,751**	1,806	–
Deferred tax asset	**–**	109	130
Total non-current assets	**29,302**	29,566	27,858
Current assets			
Trade and other receivables	**1,993**	2,285	2,771
Cash and cash equivalents	**6,238**	1,433	3,881
Total current assets	**8,231**	3,718	6,652
TOTAL ASSETS	**37,533**	33,284	34,510
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**55**	50	50
Capital reserve	**14,817**	8,574	8,574
Share option reserve	**129**	129	112
Retained earnings	**1,611**	3,296	2,191
Total equity attributable to the shareholders	**16,612**	12,049	10,927
Non-current liabilities			
Borrowings	**16,950**	16,950	16,399
Lease liability	**1,503**	1,542	–
Deferred tax liability	**540**	–	–
Total non-current liabilities	**18,993**	18,492	16,399
Current liabilities			
Trade and other payables	**1,030**	1,156	1,330
Borrowings and accrued interest	**328**	736	3,191
Amounts committed on acquisition	**–**	–	1,283
Lease liability	**316**	316	–
Current tax liability	**254**	35	–
Other liabilities	**–**	500	1,380
Total current liabilities	**1,928**	2,743	7,184
TOTAL LIABILITIES	**20,921**	21,235	23,583
TOTAL EQUITY AND LIABILITIES	**37,533**	33,284	34,510

All amounts are presented in EUR '000 unless stated otherwise

STATEMENT OF CHANGES IN EQUITY – GROUP

	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan– Dec 2018
Balance at beginning of period	**12,049**	11,549	**10,927**	5,591
Comprehensive income				
(Loss) Profit for the period	**(1,685)**	(477)	**(580)**	5,430
Transactions with owners				
Issue of share capital	**6,248**	–	**6,248**	–
Movements in share options' reserve	–	(138)	**17**	(86)
Movements in other reserves	–	(8)	–	(8)
Balance at the end of the period	**16,612**	10,927	**16,612**	10,927

All amounts are presented in EUR '000 unless stated otherwise

STATEMENT OF CASH FLOWS – GROUP

	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan–Dec 2018
Cash flows from operating activities				
Operating (loss) profit	(323)	1,346	2,378	4,348
Transaction costs related to financing activities	87	—	289	—
Adjustments for non-cash items:				
Depreciation and amortization	198	96	659	627
Movements in impairment allowance and write-offs	(5)	169	262	169
Income tax paid	(20)	(470)	(83)	(675)
Cash-flows (used in) from operating activities before changes in working capital	(63)	1,141	3,505	4,469
Changes in working capital				
Trade and other receivables	189	(721)	482	(1,291)
Trade and other payables	11	184	(246)	1,123
Net cash generated from operating activities	137	604	3,741	4,301
Investing activities				
Acquisition of property, plant and equipment	(50)	(49)	(209)	(416)
Acquisition of intangible assets	—	(2,357)	(1,332)	(9,588)
Cash-flows used in investing activates	(50)	(2,406)	(1,541)	(10,004)
Financing activities				
Issue of share capital	6,248	—	6,248	—
Proceeds from issuance of promissory notes	—	15,500	500	23,204
Repayment of promissory notes	(500)	(12,786)	(4,005)	(12,786)
Interest paid	(840)	(440)	(2,006)	(1,818)
Interest received	—	—	21	
Payment of lease	(78)	—	(316)	—
Transaction costs paid on financing raised	(87)	(450)	(289)	(587)
Cash-flow generated from financing activities	4,743	1,824	153	8,013
Net cash-flows for the period	4,830	22	2,353	2,311
Cash and cash equivalents at the beginning of the period	1,433	3,858	3,881	1,569
Bank revaluation	(25)	—	4	—
Cash and cash equivalents at the end of the period	6,238	3,881	6,238	3,881

All amounts are presented in EUR '000 unless stated otherwise

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting policies and disclosures

The Group's year-end 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 2018 (Note 1). Disclosures pursuant to Paragraph 16A of IAS 34 appear in the financial statements and their accompanying notes, and in other parts of this report.

The new standards which became effective as from January 1st, 2019 are included below.

IFRS 16 "Leases" revises accounting of leased assets (replacing IAS 17); in accordance with the standard, except for some cases, a distinguish between operating and finance lease is removed resulting in almost all leases being recognised in the statement of financial position of a lessee as an asset (a right to use a leased asset) and a liability (payable rental). The Group applied the standard from its mandatory adoption date of 1 January 2019 using the simplified transition approach. As a result, the Group did not restate the comparative amounts for the year prior to adoption.

As at 1 January 2019 the Group had existing long-term non-cancellable office lease commitments of EUR 2,853 being accounted under IAS 17 in the prior periods. As a result of the application of IFRS 16, this commitment transformed into a lease liability of EUR 1,970 as at 1 January 2019. The right-in-use asset is measured to be equal to the liability as at initial recognition. Accordingly, as from 1 January 2019, operating lease expenditures on this arrangement are replaced by amortisation of the right-to-use asset and by a deemed interest cost on the lease liability.

As disclosed in the annual report for the financial year ended 31 December 2018, management estimated that rental costs on this arrangement, amounting to EUR 316 for the year ending 31 December 2019, will be replaced by an annual amortisation charge of EUR 219 and a notional interest expense of EUR 167. The adoption of IFRS 16 will therefore result in a decrease of EUR 70 in earnings for the year ending 31 December 2019.

Rental payments under IFRS 16 are allocated between deemed interest and a reduction in the lease liability, with a corresponding impact on the Group's statement of cash flows. As per the adopted Group policy, rental payments are presented as a part of financing cash flows. The impact of the adoption IFRS 16 is further disclosed in Note 6.

Other standards, amendments and interpretations to existing standards which became effective as from 1 January 2019 have limited or no impact on the Group's financial statements.

For a complete account of the important estimates and assessments affecting the Group, refer to the 2018 Annual report (Note 3) according to IFRS.

Note 2 Related party transactions

All companies forming part of Gambling.com Group Plc, 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.

Total remuneration paid to related parties (including consultancy fees) amounted to EUR 123 (300) in the fourth quarter and EUR 492 (620) for the full year.

During the current year the Group transferred EUR 1,380 to related parties on behalf of certain incoming shareholders of the Company that had opted to purchase shares from selling shareholders for redemption proceeds from the 2019 and 2020 Notes. As at 31 December 2019 there were no outstanding payables for the share transfers.

Note 3 Segment

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

All amounts are presented in EUR '000 unless stated otherwise

Note 4 Intangible Assets

In the normal course of the business, 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.

The Group did not purchase any intangible assets during 2019.

During the third quarter the Group settled the remaining final consideration related to acquisitions made in 2018. There was no outstanding liability related to the acquisition of intangible assets as at year end.

Note 5 Borrowings

As at year end the borrowings' balance of the Group was represented by the 2021 Bond only.

The 2021 Bond is a senior secured fixed rate bond listed on Nasdaq Stockholm with and aggregate nominal balance of EUR 16,000 (under a total framework of EUR 25,000) carrying interest at 10.5% due for payment semi-annually. The bond is due for repayment on the earlier of either October 22, 2021, a default event, or a change in 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 2021 Bond is carried at fair value based on an event probability basis. The significant inputs are the values associated with each of the potential repayment, early redemption, default, or change in control event 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. The directors' assessment as at the reporting date of the probability of each such scenarios results in the movement in fair value.

Note 6 Leases

On 1 January 2019 the Group adopted IFRS 16 "Leases", which resulted in recognition of a lease liability for the Group's offices (previously accounted as operating lease in accordance with IAS 17 "Leases"). The liability was measured at the present value of remaining lease payments discounted at the Group's cost of capital. The rate applied to the lease liability on 1 January 2019 was 8.75%. From 1 January 2019, lease payments have been allocated between finance costs and lease liability.

The associated right-to-use asset for property leases was measured at an amount equivalent to the lease liability as at 1 January 2019. The asset is subsequently amortised over the remaining lease term (as determined as at 1 January 2019) on a straight-line basis.

The Group recognised expenses from low-value and/or short-term rent of EUR 159 in the fourth quarter and EUR 576 in the full year.

STATEMENT OF COMPREHENSIVE INCOME – COMPANY

	Oct- Dec 2019	Oct- Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Revenue	—	—	—	—
Total revenue	—	—	—	—
Depreciation	(2)	—	(2)	(12)
Non-recurring costs related to financing and investing	(85)	(55)	(179)	(244)
Non-recurring restructuring costs	—	—	—	—
Other operating expenses	(73)	(32)	(279)	(189)
Operating loss, EBIT	(160)	(87)	(460)	(445)
Interest payable on borrowings	(437)	(457)	(1,789)	(1,654)
Other (losses) gains on financial liability at fair value through profit and loss	—	(409)	(50)	3,743
Finance income	109	450	1,705	1,657
Finance costs	(52)	(448)	(64)	(451)
(Loss) Profit before tax, EBT	(540)	(951)	(658)	2,850
Tax expense	—	—	—	—
Total comprehensive (loss) income for the period	(540)	(951)	(658)	2,850

All amounts are presented in EUR ‘000 unless stated otherwise

STATEMENT OF FINANCIAL POSITION – COMPANY

	Dec 31 2019	Sept 30 2019	Dec 31 2018
ASSETS			
Non-current assets			
Investment in subsidiaries	**9,133**	9,133	9,133
Property and equipment	**—**	2	2
Other receivables	**5,800**	—	—
Total non-current assets	**14,933**	9,135	9,135
Current assets			
Trade and other receivables	**9,356**	15,102	16,108
Cash and cash equivalents	**5,675**	174	2,084
Total current assets	**15,031**	15,276	18,192
TOTAL ASSETS	**29,964**	24,411	27,327
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**55**	50	50
Capital reserve	**10,992**	4,726	4,726
Share option reserve	**129**	129	112
Retained earnings	**570**	1,111	1,228
Total equity attributable to the shareholders	**11,746**	6,016	6,116
Non-current liabilities			
Borrowings	**16,950**	16,950	16,399
Total non-current liabilities	**16,950**	16,950	16,399
Current liabilities			
Trade and other payables	**940**	215	241
Borrowings and accrued interest	**328**	730	3,191
Other liabilities	**—**	500	1,380
Total current liabilities	**1,268**	1,445	4,812
TOTAL LIABILITIES	**18,218**	18,395	21,211
TOTAL EQUITY AND LIABILITIES	**29,964**	24,411	27,327

All amounts are presented in EUR ‘000 unless stated otherwise

Definition and purpose of alternative performance measure | In this year-end 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