

Kambi Group plc

Q2 Report 2019

Financial summary

- Revenue amounted to €21.6 (17.6) million for the second quarter of 2019, an increase of 23%, and €42.6 (34.0) million for the first half of 2019, an increase of 25%
- Operating profit (EBIT) for the second quarter of 2019 was €2.5 (2.4) million, with a margin of 11.7% (13.8%), and 5.1 (4.4) million, with a margin of 12.1% (12.9%) for the first half of 2019
- Profit after Tax amounted to €1.6 (1.7) million for the second quarter of 2019 and 3.6 (3.2) million for the first half of 2019
- Earnings per share for the second quarter of 2019 were €0.052 (0.055) and €0.117 (0.107) for the first half of 2019
- Cash flow from operating and investing activities (excluding working capital) amounted to €0.4 (1.9) million for the second quarter of 2019 and €1.6 (2.5) million for the first half of 2019

Second quarter financial breakdown

€m	Q2 2019	Q2 2018	Change %	Jan - Jun 2019	Jan - Jun 2018	Change %	Jan - Dec 2018
Revenue	21.6	17.6	+23%	42.6	34.0	+25%	76.2
Operating result	2.5	2.4	+4%	5.1	4.4	+17%	12.7
Operating margin	11.7%	13.8%		12.1%	12.9%		16.7%
Result after tax	1.6	1.7	-5%	3.6	3.2	+11%	9.8
Cash flow ¹	0.4	1.9		1.6	2.5		8.6
Net cash	33.1	27.9		33.1	27.9		31.1
Earnings per share	€0.052	€0.055	-5%	€0.117	€0.107	+9%	€0.326

¹ Cash flow from operating and investing activities excluding movements in working capital

Key highlights

- Solid financial performance with 23% year-on-year revenue growth and 26% operator turnover growth, despite tough comparatives including the 2018 football World Cup
- Signed a new customer in BetWarrior, which will further Kambi's expansion in Latin America
- Took first legal online sports bet in Pennsylvania with Rush Street Interactive (RSI). Powering the first three online sportsbooks to launch in Pennsylvania
- Took first legal bet in New York State with RSI at Rivers Casino & Resort Sportsbook



CEO comment

"I'm pleased to report Q2 2019 was yet another positive period for Kambi, delivering solid financial growth despite the lighter sporting calendar, and signing new customer agreements to keep up our positive commercial momentum.

Kambi's Q2 revenue increased 23% year-on-year while operator turnover grew by 26%. Operator trading margin was 8.2%, slightly higher than our expected long-term average. Across the first six months of the year, Kambi revenue was €42.6m, an increase of 25% on H1 2018.

It was during Q2 last year that the US Supreme Court decided to repeal the country's federal sports betting ban, a judgment I said at the time would create significant business opportunities for Kambi. Looking back over the past 12 months, I'm proud to say we've built a robust US-facing business with a fantastic portfolio of partners, and I continue to have great confidence in our future prospects.

The development of the competitive landscape in the US has certainly been dynamic, with operators and suppliers taking a variety of strategic routes. For some, joint ventures or M&A have been the preferred choice, while for our multiple US customers, the decision to partner with Kambi has brought them immediate success, and long may that continue.

As the number of regulated states steadily increases over the coming years, so too will the number of attractive opportunities. The fact Kambi has proven its ability to deliver in the US, coupled with our ongoing US investments in people and products, puts us in a good position to convert the best of these opportunities.

Although much focus is on the US, Kambi continues to explore opportunities globally. In this regard, I am delighted we signed another new customer in Q2, with BetWarrior the latest to join the Kambi network. Although a new operator, BetWarrior is led by an experienced and ambitious management team, one which plans to target countries in Latin America, a region where we've seen positive regulatory developments of late.

I'm also pleased that we strengthened our partnerships with National Lottery and the Rank Group. National Lottery has taken the Kambi sportsbook into Moldova, having enjoyed strong growth in its home country of Bulgaria. Meanwhile, Rank will soon add the Kambi Sportsbook to its Spain-facing Enracha brand, and we'll continue to power its Grosvenor Sports brand in the UK.

This remains an exciting time for Kambi and I look forward to seeing what the second half of the year brings.

Q2 Highlights

New commercial agreements

In June, Kambi signed a long-term agreement with BetWarrior, a new multi-vertical online operator founded by two former PokerStars directors. BetWarrior, which plans to enter Latin American and European markets, will leverage Kambi's empowerment functionality to create a differentiated sports betting client and personalised player experience. We anticipate a first product launch will take place before the end of the year.

In April, Kambi extended its partnership with Bulgaria's National Lottery JSC, which will see Kambi continue to power the operator's Bulgaria-facing 7777.bg site and, in addition, support the operator's expansion into Moldova. National Lottery recently secured an exclusive partnership with Moldova's

Public Property Agency to operate the country's lottery and sportsbook products on a monopoly basis. An online sportsbook launched in late June with a retail roll-out to commence later this year.

Customer launches

Having processed the first legal online wager in New Jersey last year, Kambi repeated a similar feat in Q2 when supporting the launch of the first regulated online sportsbook in the neighbouring state of Pennsylvania. The launch of the Rush Street Interactive-operated PlaySugarHouse sportsbook at the end of May enabled Kambi to process the first legal online bet in the Keystone State. In June, Kambi also supported the Pennsylvania online launches of the Rush Street Interactive brand BetRivers and Greenwood Gaming & Entertainment-owned Parx Casino. At present, only three online sportsbooks are live in the state, all powered by Kambi, highlighting the speed at which we can meet regulatory requirements and launch customers.

Following William Hill's acquisition of Kambi customer MRG and its Evoke Gaming subsidiary earlier this year, Kambi recently supported the launch of a William Hill-branded sportsbook in the regulated Swedish market. The launch, which took place at the end of April, was the result of William Hill deciding to leverage the scalability of the Kambi Sportsbook and rebrand its Evoke Gaming Redbet.se site, which had been trading in Sweden, to WilliamHill.se.

US office opening

In June, Kambi opened its new US office in Philadelphia, Pennsylvania. The office will enable Kambi to provide an even higher level of service to its growing roster of US customers and will house partner success managers, sports traders, risk supervisors and technical support staff, among other roles. Kambi's presence in Philadelphia has been received positively locally, with the company's arrival featured in the city's most prominent newspaper. The new office extends Kambi's global footprint to seven countries, with the US joining Malta (headquarters), Australia, Philippines, Romania, Sweden and the UK.

Events after Q2

Contract extensions

Kambi has strengthened its partnership with the Rank Group, after the two companies recently agreed a long-term contract extension. The new deal will see Kambi continue to power Rank's Grosvenor Sport sportsbook, which debuted in 2016, and in addition combine with Rank's Spain-facing Enracha brand for an online sportsbook launch later this year.

Contract revision

Kambi and Stanleybet Romania recently signed a revised deal to convert the sportsbook partnership into an exclusively online arrangement. The mutual decision to revise the deal relates to a Stanleybet Romania requirement for bespoke platform development, which if delivered would have affected the scalability of Kambi's technology. Kambi and Stanleybet Romania will continue to work closely on the online sportsbook.

Customer launches

On 16 July, Kambi processed the first legal sports wager in the state of New York when supporting Rush Street Interactive with the on-property launch of the Rivers Casino & Resort sportsbook in the upstate area of Schenectady. The launch took place just weeks after the New York State Gaming Commission had approved its sports wagering regulations. Online sports betting has yet to be permitted in New York.

Market trends

Regulation

Argentina's Buenos Aires City has joined Buenos Aires Province in passing sports betting regulation. A minimum of three operating licences will be issued by City of Buenos Aires Lottery and Gaming Authority, although this number could rise to 10. Operators licenced in the city will be liable for a 25% tax rate on the gross gaming revenues, the same rate used by the Buenos Aires Province. Buenos Aires Province recently opened its operating licence window with seven permits available. Sports betting suppliers do not need to apply for a local licence.

In the Q1 report, we anticipated a number of positive regulatory developments would take place in the United States during the second quarter of the year. Since publication of the report in April, various states including Illinois, Iowa, Indiana, and Tennessee have had sports betting bills become law, while others made good progress for a 2020 passage.

In the case of Iowa and Indiana, both states are aiming to have their sports betting market up and running in Q3, possibly before the start of the NFL season in early September. Both states have also permitted online wagering in addition to retail betting. Meanwhile, Tennessee, which has no brick and mortar casinos in the state, has passed a bill to permit online wagering, therefore there is no requirement for operators to partner with a land-based establishment.

While it was disappointing that a bill which sought to permit online sports betting in New York failed to make it to a vote, the New York State Gaming Commission in June did approve sports wagering regulations for on-property betting at its four upstate casinos. After quickly obtaining its licences from the regulator, Kambi launched an on-property sportsbook in New York with Rush Street Interactive at Rivers Casino & Resort. Kambi has also had its West Virginia temporary licence upgraded to a permanent licence.

As we have seen from early results in US states, legislation that allows for online wagering is crucial if states are going to successfully channel players away from illegal offshore operators into a regulated environment. In New Jersey, more than 80% of its sports betting turnover is generated online, turnover which may otherwise go offshore, helping it draw level with Nevada in terms of market size.

One of the main arguments used against the regulation of online sports betting is a fear it may cannibalise land-based casino revenues, yet evidence points to the opposite. As we have seen in New Jersey, the launch of online sports betting has coincided with an increase in revenues for the state's casinos. Year-to-date figures show a double-digit, year-on-year revenue rise for New Jersey's casinos, despite online sports betting going live in August 2018. A similar pattern also emerged following the launch of online gaming in the state in 2013, which indicates that online sports betting and gaming largely draws new players, rather than competing with the land-based industry.

Kambi initiatives

American football product improvements

As the most popular sport in the US, it is crucial our operators can offer their customers the number one American football product on the market. Data collected from Kambi's US network showed 90% of active players placed at least one bet on the NFL last season, while approximately half of new sign-ups placed their first bet on an American football game.

In order to continue delivering a market leading sportsbook, Kambi is constantly in the process of improving the product further across a variety of areas. With the data generated throughout the season we are building greater flexibility into the platform to allow bettors to combine related contingency selections within a single game, for example, place a single bet on a team to win a game and for there to be over a certain number of points in that game.

In addition, we continue to further develop our live trading model, which will yield at least two major benefits. Firstly, last season we saw a healthy appetite among US players for the unique instant betting markets – offers on specific outcomes within a game and see bets placed and settled in a short space of time. These bet types can add an extra layer of excitement to those watching the game. For example, our 'result of current drive' market enables players to bet on whether the current ball possession will end in a touchdown, field goal, punt, etc. Improvements to our live trading model will enable us to build out the number and quality of these markets. Secondly, while Kambi was one of the leaders in in-game availability last season, we identified areas where adjustments to our trading model would reduce market suspensions further, allowing players to place bets for longer periods and during the most exciting moments of the game.

When taken together, the improvements will enhance the customer experience and provide our partners with the stand-out American football offering in the market, not just for the NFL, but also the hugely popular college football league. This gives Kambi's customers a distinct competitive advantage.

Financial review

Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. In the second quarter of 2019, revenue was €21.6 (17.6) million. Revenue derived from locally regulated markets in Q2 was 71% (48%). Revenue for the first half year 2019 was €42.6 (34.0) million.

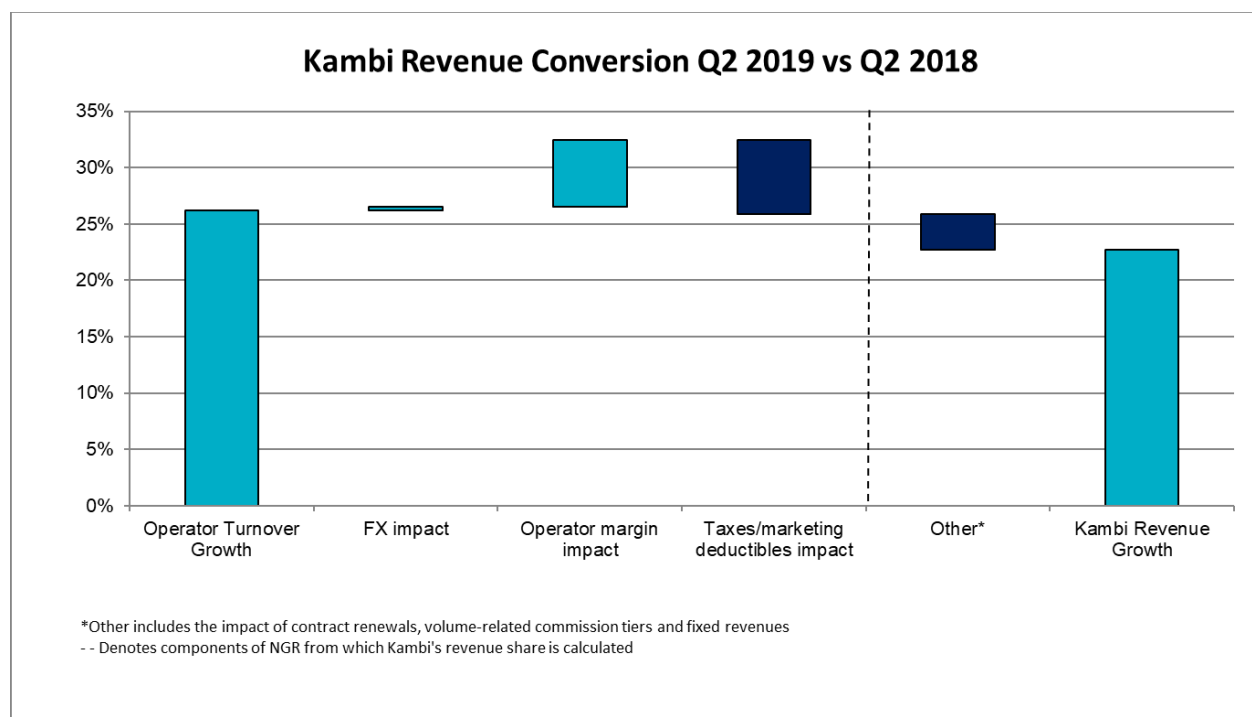
The operator turnover growth in Q2 2019 was 26% and the operator trading margin was 8.2% (7.8%). The operator trading margin for the first half year 2019 was 8.0% (7.8%).

Kambi charges its operators a fee based on a number of variables including fixed fees, the number of live events offered and commission based on a revenue share of operators' Gross Gaming Revenue less deductible costs, such as free bets and tax (i.e. Net Gaming Revenue, NGR, as shown in the graph below). The conversion rate from NGR growth to Kambi revenue growth in Q2 was 88%. The impact from tax and marketing deductibles has increased due to a higher level of revenue derived from regulated markets, including Sweden and the US, resulting in a greater impact from gaming tax.

As mentioned in previous reports, certain customers have renewed their contracts with Kambi in the last 12 months, impacting Kambi's revenue growth when compared to 2018. Additionally, to promote and support growth, some of the customer contracts include tiers with lower commission rates on the higher levels of their sports betting revenues. The growth in the business of many of the operators resulted in a lower effective commission rate in Q2 2019 than in Q2 2018.

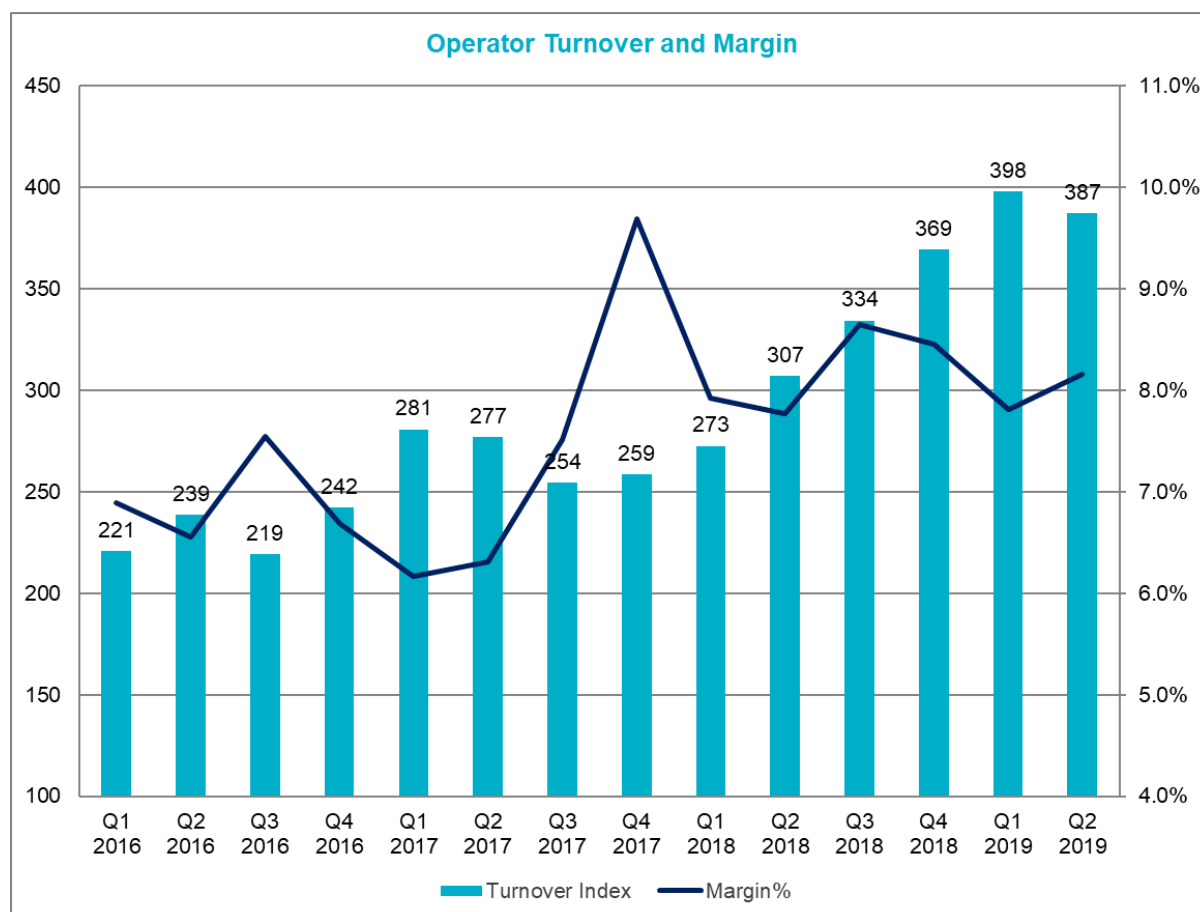
The net effect of the above factors was a €4.0 million increase in quarterly revenue year-on-year.

The graph below demonstrates how the growth in operator turnover ultimately results in Kambi's revenue growth.



Operator trading analysis

In the interest of commercial sensitivity and instead of disclosing actual turnover figures, Kambi presents its customers' sports betting turnover as an index called The Kambi Turnover Index, with the first quarter of 2014 indexed at 100. The graph below shows the index since Q1 2016 and also illustrates Kambi's operators' quarterly trading margin.



Operator turnover for the second quarter of 2019 was 387, an increase of 26% compared with 307 for the second quarter of 2018, despite the comparative figures including the majority of the 2018 football World Cup fixtures. The growth was driven by Kambi's US expansion which in Q2 helped baseball and basketball finish among the top five turnover-generating sports.

The small seasonal decrease from Q1 2019 coincides with the end of the major European football league seasons and a reduction in the US sporting calendar with the conclusion of the basketball and ice hockey seasons and no NFL fixtures in Q2 2019.

Operator trading margin for the quarter was 8.2% (Q2 2018: 7.8%), above our expected long-term average of 6.5 – 8%. The high margin was driven by favourable results across a number of sports, with in-play tennis and low scoring football matches having the most notable impacts. The strong operator trading margin had a negative impact on the level of turnover placed with our operators.

At Kambi, we aim for the optimal trading margin to drive turnover growth for our operators, in order to maximise their financial performance both short-term and long-term. The operator trading margin can fluctuate from quarter to quarter, mainly due to the outcome of sporting events with the highest betting

volumes and value. Kambi currently believes the operator trading margin will average between 6.5 - 8% over time.

Currency effects

Kambi's principal currency is the Euro, which is also the reporting currency. However, we have cost and revenue in certain other currencies, such as SEK, NOK and GBP. There was no material impact on profitability due to FX movements in the quarter.

Cost development

Kambi's cost development is driven by our continued commitment to building a market-leading Sportsbook. Our scalable business model requires strategic investments to deliver on future growth, which impacts both operating expenses and capitalised costs, in:

- improving the existing offering for all our operators, including player experience (see Kambi initiatives), automation, differentiation and risk management
- channel expansion, primarily development of the retail product
- market expansion, including into the US markets
- new customer integrations

Capitalised development costs

In the second quarter of 2019, development expenditure of €3.9 (2.4) million was capitalised, with €7.4 (4.5) million capitalised in the first half year 2019, reflecting the increased staff numbers in product development teams and Kambi's continued focused on the areas identified above. These capitalised development costs are amortised over three years, starting in the year the costs are incurred. The amortisation charge this quarter was €2.4 (2.1) million, and for the first half year 2019 was €4.6 (4.1) million.

Operating expenses

Operating expenses are a combination of activity-related costs and fixed costs; the main expenses are salaries, office costs, live information feeds, consultant costs and amortisation. Operating expenses for the second quarter of 2019 were €19.1 (15.2) million, and €37.5 (29.6) million for the first half year 2019.

Total operating expenses have increased by €0.7m when compared to Q1 2019, as anticipated.

Total operating expenses are anticipated to increase during Q3 2019 by 3 - 5% compared to Q2 2019. The cost growth per quarter for the rest of the year is anticipated to be at a similar rate, but will continue to ultimately be determined by the speed of regulatory development in the US.

Operating profit

Operating profit for the second quarter of 2019 was €2.5 (2.4) million, with a margin of 11.7% (13.8%), and €5.1 (4.4) million for the first half year 2019, with a margin of 12.1% (12.9%).

Impact of IFRS 16

From 1 January 2019, IFRS 16 was applied which required a fundamental change in the accounting for leases. At the adoption date, this resulted in an increase in liabilities of €9.3m and a corresponding increase in Property, plant and equipment, depreciated over the remaining life of each lease. Kambi

adopted the modified retrospective approach, with no restatement of comparative information required. Liabilities are classified between current and non-current at each reporting date.

Rent expense is instead primarily recognised as depreciation of the asset within other operating expenses; the difference has a minimal impact on profit from operations in Q2 2019. Cash flows relating to lease payments of €0.7m in Q2 2019 and €1.3m for the first half of 2019 which are recognised within cash flows from financing activities, whereas they were previously classified within operating activities.

Profit before tax

Profit before tax for the second quarter of 2019 was €2.4 (2.3) million. Profit before tax for the first half year 2019 was €4.9 (4.2) million.

Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the second quarter of 2019 was €0.8 (0.7) million. The tax expense for the first half year of 2019 was €1.3 (1.0) million.

Profit after tax

Profit after tax for the second quarter of 2019 was €1.6 (1.7) million. Profit after tax for the first half year 2019 was €3.6 (3.2) million.

Financial position and cash flow

The net cash position at 30 June 2019 was €33.1 (27.9) million.

Cash flow from operating and investing activities (excluding working capital) amounted to €0.4 (1.9) million for the second quarter of 2019, and €1.6 (2.5) million for the first half year 2019. Cash flows for the second quarter of 2019 were significantly impacted by the timing of tax and annual interest payments, totalling €1.4 (0.5) million.

Trade and other receivables at 30 June 2019 were €17.8 (14.9) million. This includes two months of invoices to most of Kambi's operators, due to the timing of the issue of invoices at the end of each calendar month.

Personnel

Kambi had 777 (650) employees equivalent to 771 (641) full time employees at 30 June 2019, across offices in Malta (headquarters), Australia, Philippines, Romania, Sweden, the UK, and the United States.

During the quarter, Cecilia Wachtmeister resigned from her position on the Board of Directors to take up a position on the Executive Management team as EVP Business & Group Functions. Cecilia de Leeuw was elected as a Director of the Company at the Annual General Meeting.

Main shareholders

The six largest shareholders as at 30 June 2019 were:

Name	Shares	% of total shares
Veralda Investment Ltd	7,403,564	24.5%
Fidelity Investments (FMR)	2,788,940	9.2%
Swedbank Robur Funds	2,502,414	8.3%
Keel Capital	2,470,441	8.2%
Bodenholm Capital	1,525,024	5.0%
Second Swedish National Pension Fund	1,406,333	4.7%

Nomination Committee

The Nomination Committee reflects Kambi's largest shareholders. The Nomination Committee shall consist of not less than three and not more than five members, of which one shall be the Chairman of the Board of Directors, and shall represent all shareholders.

The Nomination Committee is responsible for reviewing the size, structure and composition of the Board. The Committee also looks at succession planning, the appointment of replacement and/or additional directors and for making the appropriate recommendations to the Board.

The members of the Nomination Committee are:

- Anders Ström, Veralda Investment Ltd (Chairman)
- Lars Stugemo, Chairman of the Board of Kambi Group plc
- Mathias Svensson, Keel Capital
- Per Johansson, Bodenholm Capital

Shareholders who would like to make proposals to the Nomination Committee may do so via e-mail to: nomination.committee@kambi.com.

Financial information

The financial information has been presented in accordance with International Financial Reporting Standards as adopted by the European Union. All numbers in this report are unaudited. All numbers in this report are shown in Euro (€) and all the numbers in brackets refer to the equivalent period in the previous year.

Financial calendar

25 October 2019	Q3 2019 report
12 February 2020	Q4 2019 report
22 April 2020	Q1 2020 report

Contacts

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About Kambi

Kambi is a provider of premium sports betting services to licensed B2C gaming operators. Kambi Group plc is listed on First North at Nasdaq Stockholm. Our services encompass a broad offering from front-end user interface through to odds compiling, customer intelligence and risk management, built on an in-house developed software platform. Kambi's 20-plus customers include 888 Holdings, ATG, DraftKings, Greenwood Gaming & Entertainment, Kindred Group, LeoVegas, Napoleon Games and Rush Street Interactive. Kambi employs more than 750 staff across offices in Malta (headquarters), Australia, Philippines, Romania, Sweden, the UK, and the United States

Kambi utilises a best of breed security approach, with guiding principles from ISO 27001. Kambi is eCOGRA certified. Kambi Group plc is listed on First North at Nasdaq Stockholm under the symbol "KAMBI". The Company's Certified Advisor is Redeye AB.

Redeye AB

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Legal disclaimer

Kambi does not give any forecasts. Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, fluctuation in exchange rates, interest rates and political risks.

Publication

The information in this report is such that Kambi Group plc is required to disclose under the EU Directive of Market Abuse Regulation.

The information in this report was sent for publication on Wednesday, 24 July 2019 at 07:45 CET by CEO Kristian Nylén.

CONSOLIDATED INCOME STATEMENT
€ '000

	Q2 2019	Q2 2018	Jan - Jun 2019	Jan - Jun 2018	Jan - Dec 2018
Revenue	21,611	17,615	42,604	34,000	76,187
Staff costs	-8,639	-6,459	-16,919	-12,739	-28,205
Amortisation	-2,362	-2,060	-4,578	-4,056	-7,956
Other operating expenses	-8,076	-6,670	-15,966	-12,820	-27,315
Profit from operations	2,534	2,426	5,141	4,385	12,711
Investment income	8	13	19	13	32
Finance costs	-149	-106	-306	-221	-483
Profit before tax	2,393	2,333	4,854	4,177	12,260
Income tax	-813	-677	-1,294	-976	-2,442
Profit after tax	1,580	1,656	3,560	3,201	9,818

CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME
€ '000

	Q2 2019	Q2 2018	Jan - Jun 2019	Jan - Jun 2018	Jan - Dec 2018
Profit after tax for the period	1,580	1,656	3,560	3,201	9,818
Other comprehensive income:					
Currency translation adjustments taken to equity	-659	-325	-749	-505	-277
Actuarial loss on employee defined benefit scheme	-	-	-	-	-57
Comprehensive income for the period	921	1,331	2,811	2,696	9,484

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
€ '000

	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS			
<i>Non-current assets</i>			
Intangible assets	16,151	11,870	13,353
Investment in associate	494	569	494
Property, plant and equipment	11,643	3,650	3,918
Deferred tax assets	3,592	1,499	3,599
	31,880	17,588	21,364
<i>Current assets</i>			
Trade and other receivables	17,830	14,875	18,329
Cash and cash equivalents	40,354	35,385	38,350
	58,184	50,260	56,679
Total assets	90,064	67,848	78,043
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Share capital	90	90	90
Share premium	54,821	53,660	53,810
Other reserves	3,748	2,289	3,496
Currency translation reserve	-2,573	-2,052	-1,824
Retained earnings	5,758	-4,818	2,198
Total equity	61,844	49,169	57,770
<i>Non-current liabilities</i>			
Convertible bond	7,274	7,452	7,251
Lease liabilities	6,074	-	-
Other liabilities	147	61	134
Deferred tax liabilities	96	218	96
	13,591	7,731	7,481
<i>Current liabilities</i>			
Trade and other payables	10,455	9,684	9,930
Lease liabilities	2,276	-	-
Tax liabilities	1,898	1,264	2,862
	14,629	10,948	12,792
Total liabilities	28,220	18,679	20,273
Total equity and liabilities	90,064	67,848	78,043

CONSOLIDATED STATEMENT OF CASH FLOWS

€ '000

	Q2 2019	Q2 2018	Jan - Jun 2019	Jan - Jun 2018	Jan - Dec 2018
OPERATING ACTIVITIES					
Profit from operations	2,534	2,426	5,141	4,385	12,711
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	1,095	511	2,167	1,013	1,835
Amortisation of intangible assets	2,362	2,060	4,578	4,056	7,956
Share of loss/(profit) from associate	-	-	-	-	75
Share-based payment	125	77	252	154	578
Operating cash flows before movements in working capital	6,116	5,074	12,138	9,608	23,155
(Increase)/decrease in trade and other receivables	544	-2,928	499	-289	-3,743
(Decrease)/increase in trade and other payables	-313	485	840	-538	-292
(Decrease)/increase in other liabilities	6	-	13	-	73
Cash flows from operating activities	6,353	2,631	13,490	8,781	19,193
Income taxes paid net of tax refunded	-1,189	-310	-1,883	-974	-2,279
Interest income received	8	3	19	3	32
Net cash generated from operating activities	5,172	2,324	11,626	7,810	16,946
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	-628	-433	-1,342	-1,051	-1,875
Development and acquisition costs of intangible assets	-3,862	-2,389	-7,376	-4,496	-9,872
Acquired assets - investment in associate	-	-	-	-569	-569
Net cash used in investing activities	-4,490	-2,822	-8,718	-6,116	-12,316
FINANCING ACTIVITIES					
Proceeds from issue of new shares	-	-	1,011	-	150
Payment of lease liabilities	-670	-	-1,295	-	-
Interest paid	-247	-242	-278	-268	-363
Net cash generated/(used in) financing activities	-917	-242	-562	-268	-213
Net increase in cash and cash equivalents	-235	-740	2,346	1,426	4,417
Cash and cash equivalents at beginning of period	40,766	36,288	38,350	34,303	34,303
Effect of foreign exchange differences	-177	-163	-342	-344	-370
Cash and cash equivalents at end of period	40,354	35,385	40,354	35,385	38,350

**CONSOLIDATED STATEMENT OF CHANGES
 IN EQUITY**

€ '000

	Q2 2019	Q2 2018	Jan - Jun 2019	Jan - Jun 2018	Jan - Dec 2018
Opening balance at beginning of period	60,798	47,761	57,770	46,319	46,319
Comprehensive income					
Profit for the period	1,580	1,656	3,560	3,201	9,818
<i>Other comprehensive income:</i>					
Translation adjustment	-659	-325	-749	-505	-277
Actuarial loss on employee defined benefits	-	-	-	-	-57
	921	1,331	2,811	2,696	9,484
Transactions with owners					
Share options - value of employee services	125	77	252	154	578
Other	-	-	1,011	-	420
Tax on share options	-	-	-	-	969
	125	77	1,263	154	1,967
Closing balance at end of period	61,844	49,169	61,844	49,169	57,770

KEY RATIOS

This table is for information only and does not form part of the condensed financial statements

	Q2 2019	Q2 2018	Jan - Jun 2019	Jan - Jun 2018	Jan - Dec 2018
Operator turnover ¹ as index of Q1 2014	387	307	n/a	n/a	n/a
Operating (EBIT) margin, %	11.7%	13.8%	12.1%	12.9%	16.7%
EBITDA ² (€m)	6.0	5.0	11.9	9.5	22.5
EBITDA margin ³ , %	27.7%	28.4%	27.9%	27.8%	29.5%
Equity/assets ratio ⁴ , %	69%	72%	69%	72%	74%
Employees at period end	777	650	602	650	695
Earnings per share (€)	0.052	0.055	0.117	0.107	0.326
Fully diluted earnings per share (€)	0.051	0.054	0.115	0.104	0.318
Number of shares at period end	30,268,197	30,015,197	30,268,197	30,015,197	30,180,197
Fully diluted number of shares at period end	30,947,364	30,714,629	30,947,364	30,714,629	30,875,820
Average number of shares	30,268,197	30,015,197	30,327,353	29,878,197	30,097,697
Average number of fully diluted shares	30,946,539	30,735,241	30,911,592	30,789,500	30,870,276

¹Operator turnover is defined as total stakes placed with operators by end users

²Q2 2019 Includes impact of IFRS 16. On a like-for-like basis, EBITDA for Q2 2019 would be €5.4m (Jan-Jun €10.7m)

³Q2 2019 Includes impact of IFRS 16. On a like-for-like basis, EBITDA margin for Q2 2019 would be 24.9% (Jan - Jun 25.1%)

⁴Q2 2019 Includes impact of IFRS 16. On a like-for-like basis, Equity/assets ratio at 30 June 2019 would be 76%