



# ANOTHER YEAR OF **STRONG GROWTH**

## FOURTH QUARTER 2019 (OCT-DEC)

- Revenues decreased by 2% to €32.2 million (32.9).
- B2B revenues increased by 10% to €21.2 million (19.3), constituting 66% of total revenues.
- EBITDA decreased by 33.6% to €4.4 million (6.6).
- EBITDA for B2B decreased by 21% to €3.4 million (4.4), constituting 78.8% of total EBITDA.
- The EBITDA margin amounted to 13.5% (20.0%).
- EBIT amounted to €3.1 million (6.0).
- Earnings after tax amounted to €-12.1 million (4.6), impacted by the tax settlement of €13.7 million related to the fiscal years 2008-2018.
- Earnings per share after tax amounted to €-0.26 (0.10) including, and €0.03 (0.10) excluding, a one-off tax item.
- First time depositors in thousands (FTDs) decreased by 14.6% to 105.6 thousand (123.7).

## FULL YEAR 2019 (JAN-DEC)

- Revenues increased by 26% to €131.4 million (104.6).
- B2B revenues increased by 43.4% to €81.1 million (56.6), constituting 62% of total revenues.
- EBITDA increased by 2.4% to €21.7 million (21.2).
- EBITDA for B2B increased by 29% to €15.9 million (12.4), constituting 73.4% of total EBITDA.
- The EBITDA margin amounted to 16.5% (20.3%).
- EBIT amounted to €17.7 million (19.3).
- Earnings after tax amounted to €0.4 million (16.2), impacted by the tax settlement of €13.7 million related to the fiscal years 2008-2018.
- Earnings per share after tax amounted to €0.01 (0.36) including, and €0.31 (0.36) excluding, a one-off tax item.
- First time depositors in thousands (FTDs) increased by 20% to 444.5 thousand (370.4).
- The Board proposes the AGM that no dividend is paid out for 2019 following the tax settlement with the ITA and the continued search for M&A opportunities. The long-term dividend target of 50% of net profit remains.

## SIGNIFICANT EVENTS DURING AND AFTER THE FOURTH QUARTER

- October 7<sup>th</sup>, Aspire Global finalized the acquisition of the leading game aggregator platform Pariplay for €13.3 million in cash, according to the initial conditions. With the acquisition Aspire Global has gained control of yet another crucial part of the iGaming value chain – creating synergies, broadening the game portfolio and providing a channel to distribute propriety games outside the partner network. The transaction had a positive effect on the company's EBITDA already in Q4 2019.
- Aspire Global appealed against the lawsuit made by the Swedish Consumer Agency ("KO") in October claiming that the company violated the marketing provisions of the Gaming- and Marketing acts.
- November 1<sup>st</sup> 2019, Aspire Global announced the coming entering into the regulated US market as Pariplay signed an agreement for New Jersey with longstanding partner 888casino.
- December 31<sup>st</sup> 2019, Aspire Global reached an agreement for a settlement with the Israeli Tax Authority in the previously disclosed tax audit.

## KEY FIGURES

€ million	FOURTH QUARTER		FULL YEAR	
	2019	2018	2019	2018
Revenues	32.2	32.9	131.4	104.6
EBITDA	4.4	6.6	21.7	21.2
EBITDA, %	13.5	20.0	16.5	20.3
EBIT	3.1	6.0	17.7	19.3
EBIT, %	9.8	18.3	13.5	18.5
Earnings per share, €	-0.26	0.1	0.01	0.36
Earnings per share excluding a one-off tax item, €	0.03	0.1	0.31	0.36
Company hold, %	49.6	50.6	52.0	52.4
FTDs (K)	105.6	123.7	444.5	370.4

# STATEMENT FROM THE CEO

I am pleased to conclude that we have delivered another year of strong growth, despite changes in the market environment. Revenues increased by 26% to €131.4 million with an EBITDA margin of 16.5%, in line with our financial targets. We have proven that our strategy is efficient, and we have a solid foundation to continue to expand our business through organic growth and M&A.

We had a somewhat disappointing last quarter of the year due to new regulatory requirements in regulated markets, such as the UK, as well as markets to become regulated. Compliance is top on our agenda and we swiftly adapt to new regulatory requirements, knowing that our longer-term benefits are larger than the short-term impact. Our settlement with the Israeli tax authorities had a significant impact on net income and EPS in the quarter. Nonetheless, I am satisfied with the settlement as it provides the market with clarity around the outcome of the audit. The additional tax charge of €13.7 million is reported as a one-off tax item.

## Growth for Pariplay in 2020

One of the highlights in the quarter is the successful integration of Pariplay where we already have realized some of the synergies. Pariplay contributed to revenues and EBITDA in the quarter with €3 million and €0.5 million respectively. The acquisition will create further cost synergies, strengthen our market presence in B2B, serve as our first footprint in the US and generate revenue streams outside our existing partners on our platform. The technical integration is completed, and we are happy to have all main third-party suppliers on board from the start. During the fourth quarter, Pariplay signed two new operator deals. We expect Pariplay to generate significant growth in 2020 with a positive effect on the Group's EBITDA.

## Material organic growth in 2019

In 2019 we continued to deliver on our growth strategy and accelerated the number of partners and brands as well as strengthened our offering. In the quarter, three new partnerships were signed, and seven new B2B-brands were launched. By year-end, we had 77 B2B-brands and 44 partners operating on our platform, which is a material increase from 2018. The B2B-segment grew by 43.4% in 2019, constituting 62.0% of Group revenues, while growth for B2C was around 5% following weaker performance due to new regulatory requirements, although partially compensated by other markets.

We see great interest in our recent verticals – sports and bingo – and several partners are looking to broaden their offering. Four B2B-brands are currently offering sportsbook and three launches are soon to come. Bingo is live with one B2B-brand and three launches are near, including Karamba.

## Competitive advantages in the regulated landscape

We have given clear proof of our ability to grow with good profitability in regulated markets. In 2019, more than 50% of our revenues came from regulated and taxed markets. We welcome the trend where more markets become regulated. We believe it benefits companies like ours, with a sustainable growth strategy rather than a more opportunistic approach and we consider it to be a business opportunity. We will continue to strengthen our market position in the regulated landscape by expanding in the value chain. It grants us a unique, competitive advantage as current and future partners wish to enhance their potential in any jurisdiction. Thus, we continue the active search for acquisition opportunities and new projects across various parts of the value chain, in Europe as well as other parts of the world. We are confident in our integration skills and we have the financial strength to execute on our M&A-strategy.

## Continued sustainable profitable growth

Our broad market presence and product offering give us a solid foundation for sustainable profitable growth. We will continue to enhance our multi-vertical offering while maintaining the search for M&A-opportunities, supported by our strong balance sheet. We are confident in our ability to meet our financial targets for 2021, €200 million in revenues and €32 million in EBITDA.

*Tsachi Maimon, CEO*



# ABOUT ASPIRE GLOBAL

Aspire Global is a leading platform-provider to iGaming operators, providing a first-rate turnkey solution for casino, sports and bingo, enhanced by professional services and exclusive content. Aspire Global manages every aspect from regulation and compliance to payment processing, risk management, CRM, support and player value optimization. The Group also own the B2B-company Pariplay, a leading developer, producer and distributor of games. In addition to the B2B offering, Aspire Global operates several proprietary brands (B2C), mainly Karamba, based on the same operational setup and platform.

## UNIQUE STRENGTHS

### 1. Scalable platform

Aspire Global's business model enables companies to launch an iGaming brand without investing the level of resources and funds required for a strong full service-platform solution. Partners thus are able to focus entirely on marketing of the iGaming offering, while Aspire Global manages all other aspects. New brands can easily be added to Aspire Global's scalable platform, increasing cost benefits without substantially raising fixed costs.

### 2. Lucrative partnership model

Thanks to a unique pricing model that aligns interests and incentives, all parties benefit when partners achieve their full potential as operators, resulting in a high degree of partner loyalty and long-term relationships. This is primarily done by keeping the mark-up on third party services to a minimum while increasing the revenue share element of the partnerships, which is believed to be competitive advantage over competitors who charge a higher mark-up.

### 3. Exclusive features

The platform itself offers unique features that increase company hold and profit for all parties such as a large, exclusive selection of in-house games as well as data-driven (CRM) performance evaluation, ensuring disciplined use of marketing investments. For instance, unprofitable campaigns can quickly be identified and ended, and under-performing games replaced. Moreover, Pariplay's leading game-aggregator is integrated with Aspire Global's platform, providing partners and external operators access to thousands of games, including proprietary titles, as well as a compelling suite of conversion and retention marketing tools from third parties.

## GROWTH STRATEGY

- **Stronger offering:** Aspire Global continuously seeks ways to improve the iGaming solution through product development and a broader offering.
- **Organic growth:** Accelerate the number of partners and brands without adding major overhead.
- **M&A:** Aspire Global looks actively for acquisition opportunities and new projects that could broaden the offering for players, enhance the scale benefits of the platform or accelerate growth.
- **Geographic expansion:** Aspire Global has a strong focus on regulated markets. During the year 2019, 73% of company revenues came from taxed, locally regulated or soon to become regulated markets.

## FINANCIAL TARGETS 2019–2021

- Revenues of **€100 million** by 2021 with EBITDA of **€32 million**, excluding major acquisitions
- An average EBITDA-margin\* of **18%** of the medium term (2019-2021)
- Annual dividend\*\* of at least **50%** of net profits after taxes

# OPERATIONAL HIGHLIGHTS

## Operations

Aspire Global concludes another strong year despite a somewhat weaker fourth quarter. All-in-all, the revenues for 2019 summed up to €131.4 (104.6) million, where B2B was the main driver increasing by more than 40% over the past year and constituting more than 60% of all revenues in 2019. B2C also increased year over year, despite a decrease in the fourth quarter compared to 2018. The share of revenues coming from regulated and taxed markets remains high at 54% for the year, which is fully in line with our strategy, though has a clear effect on profitability.

Three new partnerships were signed, and seven new B2B-brands were launched in the fourth quarter with expected effect in 2020. The Bingo and Sports verticals are going to be launched under three brands respectively, where Karamba is one of the bingo brands.

Joel Momigliano, previously VP PPC and Media in Aspire Global, replaced Arnaud Serour as Head of B2C and VP of Karamba. Arnaud Serour, previously the Managing Director of Karamba, has left the company to start his own iGaming-brand, becoming a new B2B-partner to Aspire Global that will be providing casino, sport and bingo services.

## The integration of Pariplay successfully completed

In October, Aspire Global closed the acquisition of Pariplay, consolidating the company under Aspire Global's financial statements. Pariplay generated revenues of €10.5 million for the full year 2019 out of which €3.0 million were generated in fourth quarter of 2019. EBITDA totaled to €1.7 million during the full year out of which €0.5 million were reached in the fourth quarter. During the fourth quarter, the integration of the operations was completed. Although the integration process took somewhat longer than expected, some of the synergies that were planned, have already been realized through central functions for legal, financial and regulatory processes.

Pariplay's game portfolio includes a wide variety of proprietary game titles (around 100 of which currently active) complemented by more than 2,000 games from over 40 leading third-party providers. The game portfolio has been certified for several regulated markets in Europe, including Denmark that was added during the third quarter. Among the around 60 operators are Svenska Spel, 888, William Hill, GVC and a number of other leading operators. Another two new operators were integrated during the fourth quarter and two additional agreements were signed before the year-end, to be integrated in 2020.

Pariplay has recently launched a new tournament tool enabling operators to set up and manage tournaments across multiple game vendors, i.e. not being limited to a single vendor. In addition, It enables a real-time presentation of the set-up inside the game, making players aware of the competition. The flexible approach makes it possible to choose between a prize-pool that is pre-determined or self-funded by participants.

In November, Pariplay entered an agreement for New Jersey with world leading operator 888 Holdings, long-standing partner to Pariplay, marking the first steps for Aspire Global into the regulated US-market. Pariplay has previously cleared an iGaming certification for New Jersey and I has several other deals in the pipeline, aiming at making a big impact in the US iGaming market, establishing Pariplay as the leading game aggregator.

Integrating Pariplay's offering enables Aspire Global to control yet another crucial part of the iGaming value chain – accelerating growth, creating synergies, broadening the game portfolio and providing a channel to distribute proprietary games outside the partner network, including the regulated US market.

### **Regulatory markets – up to speed with new regulations**

We are currently preparing for the coming regulation in the Netherlands, finalizing the adjustments required by the local regulator, Kansspelautoriteit (KSA). The Dutch Remote Gaming Act passed the country's Senate in February this year and is planned to enter into force in 2021 with an expected long-term tax rate for licensees amounting to 29% on gross gaming revenue (GGR).

### **Corporate events**

December 31<sup>st</sup>, Aspire Global reached a settlement with the Israeli tax authority in the previously disclosed tax audit related to management and control jurisdiction, permanent establishment and transfer pricing among the group entities. Aspire Global agreed to pay €13.7 million in retroactive tax relating to the 11 fiscal years 2008-2018 and no penalties are to be imposed as a result of the audit. The agreement covers the entirety of the Group's activity in Israel, bringing an end to all related examinations into the company. The audit was previously mentioned in the Financial Notes and Risk Management sections of the 2018 Annual Report, interim reports and the prospectuses related to the IPO and bond issue.

# SEGMENT HIGHLIGHTS

## B2B

During the fourth quarter, Aspire Global launched seven B2B-brands, two out of which were migrated from competing platforms and four were brands were launched in the Danish market. Moreover, two existing brands were re-launched followed by one additional re-launch after the year-end. As of today, 77 B2B-brands and 44 partners are operating on the company platform, which is a material growth over the past year. B2B-revenues increased by 7.3% to 22.9 million (21.3) in the fourth quarter, or 10% to €21.2 million (19.3) excluding inter-segment revenues, constituting 65.7% of total revenues for the group and 78.8% of EBITDA.

### KEY FIGURES B2B

€ million	FOURTH QUARTER		FULL YEAR	
	2019	2018	2019	2018
Net gaming revenues	22.9	21.3	88.7	63.8
Net gaming revenues excluding inter-segment revenues	21.2	19.3	81.1	56.6
Deposits	36.3	37.6	149.6	107.1
First Time Depositors in thousands (FTDs)	73.2	80.1	299.4	221.2
Transactions	547.7	647.8	2,479.0	1,871.3
Active users in thousands	138.4	125.4	375.6	270.2

## B2C

B2C net gaming revenues decreased by 18.8% to €11.1 million (13.6) in the fourth quarter, mainly due to regulatory adjustments in a few markets, causing activity to slow down and lowering the contribution from sports. For the year as a whole however, revenues increased to €50.3 million (48.0), mainly driven by optimized marketing and efficient CRM, recently proved at the EGR Operator Awards 2019 where Karamba received an award for the best CRM-Campaign.

### KEY FIGURES B2C

€ million	FOURTH QUARTER		FULL YEAR	
	2019	2018	2019	2018
Net gaming revenues	11.1	13.6	50.3	48.0
Deposits	22.5	27.3	97.1	92.6
Company hold, %	49.2	49.8	51.8	51.8
First Time Depositors in thousands (FTDs)	32.3	43.5	145.2	149.2
Transactions	317.5	427.4	1,449.3	1,577.9
Active users in thousands	68.7	77.4	196.5	188
Marketing expenses/NGR, %	34.4	36.7	35.7	35.0

# FINANCIAL PERFORMANCE

## REVENUES

The fourth quarter and the full year 2019

Revenues were lower than expected in the fourth quarter, mainly within B2C, due to regulatory adjustments in a few markets, causing activity to slow down and lowering the contribution from sports. Nevertheless, the performance for the full year remained strong with growth exceeding 25% compared to 2018 for the Group as a whole. B2B continued to boost revenues thanks to a proactive approach towards partners, consistent improvements of the platform and infrastructure as well as new features and retention services. B2C also performed well in 2019, regardless of the lower activity in the fourth quarter with somewhat fewer FTDs but more importantly, an increase in active users which is a result of a more sustainable CRM-approach and something that the company strives for.

### REVENUES PER SEGMENT

#### FOURTH QUARTER (OCT-DEC)

	2019		2018		2019/2018
	€'000	% of total revenues	€'000	% of total revenues	%
B2B	21,184	66	19,264	59	10
B2C (proprietary brands)	11,051	34	13,615	41	-19
<b>Total revenues</b>	<b>32,235</b>	<b>100</b>	<b>32,879</b>	<b>100</b>	<b>-2</b>

### REVENUES PER GEOGRAPHY

#### FOURTH QUARTER (OCT-DEC)

	2019		2018		2019/2018
	€'million	% of total revenues	€'million	% of total revenues	%
Nordics	5.3	16	8.5	26	-38
UK and Ireland	4.4	14	5.7	17	-23
Rest of Europe	21.3	66	17.7	54	20
Rest of world	1.2	4	1.0	3	20
<b>Total revenues</b>	<b>32.2</b>	<b>100</b>	<b>32.9</b>	<b>100</b>	<b>-2</b>

### REVENUES PER SEGMENT

#### FULL YEAR (JAN-DEC)

	2019		2018		2019/2018
	€'000	% of total revenues	€'000	% of total revenues	%
B2B	81,146	62	56,604	54	43
B2C (proprietary brands)	50,299	38	47,988	46	5
<b>Total revenues</b>	<b>131,445</b>	<b>100</b>	<b>104,592</b>	<b>100</b>	<b>26</b>

### REVENUES PER GEOGRAPHY

#### FULL YEAR (JAN-DEC)

	2019		2018		2019/2018
	€'million	% of total revenues	€'million	% of total revenues	%
Nordics	25.2	19	30.2	29	-17
UK and Ireland	18.7	14	20.4	19	-8
Rest of Europe	83.2	64	51.1	49	63
Rest of world	4.3	3	2.9	3	48
<b>Total revenues</b>	<b>131.4</b>	<b>100</b>	<b>104.6</b>	<b>100</b>	<b>26</b>



## EARNINGS

### The fourth quarter and full year 2019

EBITDA increased to €21.7 million (21.2) in 2019 despite a decrease of 33.6% in the fourth quarter due to the lower revenues. Distribution expenses in the fourth quarter were in line with last year but increased by 36% to €87.1 million (64.1) for the year as a whole, mainly due to a higher exposure to regulated and taxed markets. Gaming duties and EU-VAT increased by 24% over the past year, constituting 6% of all revenues. All-in-all the EBITDA-margin decreased to 16.5% (20.3%) for the full year.

Administrative expenses increased by 15% to €15.2 million (12.8) in 2019, €4.5 million (3.3) of which were generated in the fourth quarter. Main drivers were continued investments in the technology, customer support and compliance departments over the past year including a number of recruitments and the integration of Pariplay group.

Amortization and depreciation increased by 109% to €3.9 million (1.9) in 2019, €1,208 thousand (527) of which were generated in the fourth quarter, mainly due to higher capitalized development costs related to our proprietary technology assets of €1,908 thousand for the year as well as effects of €1,060 thousand following a change in the lease expenses treatment in accordance with accounting standard IFRS 16.

The company's interest income and foreign currency exchange differences with respect to funding to a related group decreased to €2,428 thousand (2,430) in 2019, €312 thousand (€657) of which in the fourth quarter, primarily driven by a weakened USD against the EUR. Net finance income and expenses decreased to €-3,255 thousand (-2,238) for the full year, €-821 thousand (-691) of which were generated in the fourth quarter. The change from 2018 was primarily driven by currency exchange rate differences and interest expenses for the bond. The company's income taxes increased to €15,033 thousand (986) in 2019, mainly driven by a payment of €13.7 million following a settlement with the Israeli tax authority ("ITA").

Net income (loss) before company's share in the results of associated companies amounted to €1.9 million (18.5) in 2019, €-11.6 million (5.7) of which generated in the fourth quarter. Net income (loss) and comprehensive income (loss) amounted to €0.4 million (16.2) in 2019, €-12.1 million (4.6) of which generated in the fourth quarter. The company's share in the results of associated companies amounted to €-1,479 thousand (-2,340) in the period, of which €-475 thousand (-1,050) in the fourth quarter.

EBITDA PER SEGMENT	FOURTH QUARTER (OCT-DEC)				
	2019		2018		2019/2018
	€'000	% of total revenues	€'000	% of total revenues	%
B2B	3,430	79	4,362	67	-21
B2C (proprietary brands)	922	21	2,197	33	-58
<b>Total EBITDA</b>	<b>4,352</b>	<b>100</b>	<b>6,559</b>	<b>100</b>	<b>-34</b>

EBITDA PER SEGMENT	FULL YEAR (JAN-DEC)				
	2019		2018		2019/2018
	€'000	% of total revenues	€'000	% of total revenues	%
B2B	15,932	73	12,397	58	29
B2C (proprietary brands)	5,772	27	8,804	42	-34
<b>Total EBITDA</b>	<b>21,704</b>	<b>100</b>	<b>21,201</b>	<b>100</b>	<b>2</b>

## CASH FLOW

The fourth quarter and full year 2019

Cash flow from operating activities amounted to €2.5 million (23.6) for the full year, €-11.5 million (6.0) of which was used in the fourth quarter following the settlement of €13.7 million with the Israeli tax authority. Excluding the tax payment, cash flow from operating activities for the full year amounted to €16.2 million (23.6).

Cash flow used in investing activities increased by 214.6% to €21.3 million (6.8) for the full year, of which €2.3 million (1.9) were used in the fourth quarter mainly related to capitalized development costs.

Cash flow from financing activities in 2019 amounted to €-5.9 million (23.4), €-299 thousand (250) of which was used in the fourth quarter. In 2019 a dividend of €5.4 million (3.8) was paid to the equity holders and in 2018 a bond was issued, generating a net amount of €26.9 million.

Cash flow, €'000	FOURTH QUARTER		FULL YEAR	
	2019	2018	2019	2018
Net cash generated from (used in) operating activities	-11,522	6,038	2,523	23,644
Net cash used in investing activities	-2,286	-1,886	-21,270	-6,762
Net cash generated by (used in) financing activities	-299	250	-5,938	23,426
Net increase (decrease) in cash and cash equivalents	-14,107	4,402	-24,685	40,308
Cash and cash equivalents at the beginning of the period	43,142	49,318	53,720	13,412
Cash and cash equivalents at the end of the period	29,035	53,720	29,035	53,720

# FINANCIAL POSITION

## FINANCING

April 3<sup>rd</sup> 2018, the company issued of a €27.5 million senior secured bond loan, under a €80 million framework, aimed to enhance the company's business by mergers and acquisitions activities. The Bond has a 3-year tenor with a floating interest rate of Euribor 3m + 7.0% and a Euribor floor of zero. Additional terms and covenants are specified in the Bond terms and conditions found on the company website. The bond is listed on Nasdaq Stockholm and the first day of trading was May 15<sup>th</sup>.

## SHARE AND OWNERSHIP STRUCTURE

Aspire Global's share has been listed for trading on the NASDAQ First North Premier Growth Market in Stockholm, Sweden as of July 11<sup>th</sup> 2017.

<b>Largest shareholders, December 31<sup>st</sup> 2019</b>	<b>NUMBER OF SHARES</b>	<b>VOTES AND CAPITAL, %</b>
Matalon Barak	12,048,000	26.0%
Zahavi Pini	7,500,000	16.2%
Azur Eli	7,500,000	16.2%
Aran Aharon	3,000,000	6.5%
Swedbank Robur Ny Teknik BTI	2,453,300	5.3%
Avanza Pension	1,776,792	3.8%
BNY MELLON	1,473,815	3.2%
Fondita Nordic small CAP	825,000	1.8%
Lightport	800,000	1.7%
BNP Paribas SEC Services London	722,031	1.6%
<b>Total 10 largest shareholders</b>	<b>38,098,938</b>	<b>82.1%</b>
<b>Other 2,890 shareholders</b>	<b>8,321,339</b>	<b>17.9%</b>
<b>Total</b>	<b>46,420,277</b>	<b>100.0%</b>

## OPTIONS

On February 13<sup>th</sup> 2019, the Company granted certain employees 105,000 options to purchase its shares, such options shall vest over a three-year period on a straight-line basis.

In 2019, company options were exercised to a total of 1,285,949 shares at an exercise price consideration of €676 thousand, 73,256 of which during the fourth quarter amounting to €37 thousand.

January 14<sup>th</sup> 2020, the board of directors of the Company, approved an exercise of options to purchase 14,000 shares to certain employees, according to company's 2017 share options scheme.

# OTHER

## RELATED PARTIES

During the twelve-month period Aspire Global's share in the results of related companies was €-1,479 thousand, mainly related to NeoLotto with a negative periodic result and the write-down of the remaining investment. As of December 31<sup>st</sup> 2019, the investment in NeoLotto is 0. During the fourth quarter the share of results from related parties was €-475 thousand.

For more information on related party transactions see Note 7 "Investments and loans" in the current interim report and Note 21 "Related parties", page 76 in the Annual Report.

## EMPLOYEES

As at December 31<sup>st</sup> 2019, Aspire Global group (including Pariplay) had 312 (179) employees, of which 153 (85) were women. The integration of Pariplay in the fourth quarter brought 72 new employees, 38 of which are women.

## RISKS AND UNCERTAINTIES

Read more about risk and uncertainties in Aspire Global's Annual report 2018, section "Risk factors" on pages 55-59 as well as Note 23 "Financial instruments and risk management", page 77-79.

## ACCOUNTING POLICIES

The interim condensed consolidated financial information ("Interim Financial Information") of the Group has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the EU ("IAS 34").

The Interim Financial Information has been prepared on the basis of the accounting policies adopted in the company's audited consolidated financial statements for the years ended December 31<sup>st</sup> 2018 and 2017 ("Annual Financial Statements"), which are prepared in accordance with International Financial Reporting Standards as adopted by the EU. This Interim Financial Information should be read in conjunction with the Annual Financial statements, see Note 2 "Accounting principles" pages 64-68.

The Interim Financial Information is unaudited, does not constitute statutory accounts and does not contain all the information and footnotes required by accounting principles generally accepted under International Financial Reporting Standards for annual financial statements.

## FINANCIAL CALENDAR 2019/2020

Annual Report 2019	April 7 <sup>th</sup> 2020
Three-month report 2020 (Q1)	May 5 <sup>th</sup> 2020
Annual General Meeting 2020	May 6 <sup>th</sup> 2020
Half-year report 2020 (Q2)	August 20 <sup>th</sup> 2020
Nine-month report 2020 (Q3)	November 5 <sup>th</sup> 2020
Year-end report 2020 (Q4)	February 18 <sup>th</sup> 2021



## FOR MORE INFORMATION, PLEASE CONTACT

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## INTERIM REPORT ASSURANCE

The Board of directors and the CEO assures that the interim report for the fourth quarter gives a fair overview of the company's operations, position and result of operations, and describes the significant risks and uncertainties facing the company and the companies included in the Group.

Stockholm, February 17<sup>th</sup> 2020

Carl Klingberg, Chairman

Aharon Aran  
Board member

Fredrik Burvall  
Board member

Tsachi Maimon (CEO)  
Board member

Barak Matalon  
Board member

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

€'000, 2019 unaudited, 2018 audited	Fourth quarter (Oct-Dec)		Full year (Jan-Dec)	
	2019	2018	2019	2018
Revenues (including EU VAT)	32,235	32,879	131,445	104,592
EU VAT	-1,119	-695	-3,907	-2,109
<b>Net revenues</b>	<b>31,116</b>	<b>32,184</b>	<b>127,538</b>	<b>102,483</b>
Distribution expenses	-21,620	-21,161	-87,052	-64,123
Gaming duties	-761	-1,123	-4,166	-4,406
Administrative expenses	-4,383	-3,341	-14,616	-12,753
	<b>-26,764</b>	<b>-25,625</b>	<b>-105,834</b>	<b>-81,282</b>
<b>EBITDA</b>	<b>4,352</b>	<b>6,559</b>	<b>21,704</b>	<b>21,201</b>
Amortization and depreciation	-1,208	-527	-3,960	-1,895
<b>Operating income</b>	<b>3,144</b>	<b>6,032</b>	<b>17,744</b>	<b>19,306</b>
Interest income and foreign currency exchange differences with respect to funding to related group	312	657	2,428	2,430
Finance income	27	42	363	138
Finance expenses	-848	-733	-3,618	-2,376
<b>Income before income taxes</b>	<b>2,635</b>	<b>5,998</b>	<b>16,917</b>	<b>19,498</b>
Income taxes with respect to previous years (Note 5)	-13,666	-	-13,666	-
Income taxes	-586	-332	-1,367	-986
<b>Net income (loss) before Company share in the results of associated companies</b>	<b>-11,617</b>	<b>5,666</b>	<b>1,884</b>	<b>18,512</b>
Company share in the results of associated companies, net	-475	-1,050	-1,479	-2,340
<b>Net income (loss) and comprehensive income (loss)</b>	<b>-12,092</b>	<b>4,616</b>	<b>405</b>	<b>16,172</b>
<i>Net income (loss) and total comprehensive income (loss) attributable to:</i>				
Equity holders of the Company	-12,092	4,616	405	16,172
Non-controlling interests	*	*	*	*
Net income (loss) attributable to the equity holders of the Company:				
Basic	-0.26	0.10	0.01	0.36
Diluted	-0.26	0.10	0.01	0.35

\* Less than €500

The accompanying Notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

€'000, 2019 – unaudited, 2018 - audited	As at Dec 31st	
	2019	2018
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Goodwill	6,500	-
Intangible assets	19,066	7,031
Right-of-use assets	2,822	-
Property and equipment	1,511	1,228
Investments and loans – associated companies (Note 7)	3,773	*2,362
Capital notes, loans and accrued interests due from a related group	13,421	11,243
Deferred income taxes	81	73
	<b>47,174</b>	<b>21,937</b>
<b>CURRENT ASSETS</b>		
Trade receivables	11,371	10,201
Other receivables	2,434	1,518
Income taxes receivables	10,839	9,779
Related group receivables	-	214
Restricted cash	435	782
Cash and cash equivalents	29,035	53,720
	<b>54,114</b>	<b>76,214</b>
<b>Total assets</b>	<b>101,288</b>	<b>98,151</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>		
Share capital and premium	6,715	5,643
Share based payment reserve	1,346	1,616
Reserve with respect to funding transactions with a related group	-15,371	-15,371
Retained earnings	41,759	46,786
<b>Total equity attributable to the equity holders of the Company</b>	<b>34,449</b>	<b>38,674</b>
Non-controlling interests	-217	-217
	<b>34,232</b>	<b>38,457</b>
<b>NON-CURRENT LIABILITIES</b>		
Employee benefits, net	339	350
Loans with respect to leasehold improvements	195	305
Lease liabilities	1,665	-
Senior secured bonds	27,188	26,872
	<b>29,387</b>	<b>27,527</b>
<b>CURRENT LIABILITIES</b>		
Client liabilities	5,487	6,686
Trade and other payables	16,634	*13,693
Lease liabilities	1,178	-
Bond interest payable	487	481
Contingent consideration (Note 7)	771	-
Related group payables	182	-
Income taxes payable	12,930	11,307
	<b>37,669</b>	<b>32,167</b>
<b>Total equity and liabilities</b>	<b>101,288</b>	<b>98,151</b>

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Equity attributable to the equity holders of the Company €'000	Share capital and premium	Share based payments reserve	Reserve with respect to funding transactions with related groups	Retained earnings	Total attributable to the equity holders of the Company	Non-controlling interests	Total equity
<b>FOURTH QUARTER 2019 (OCT-DEC)</b>							
<b>Balance as at Oct 1<sup>st</sup> 2019 (unaudited)</b>	<b>6,654</b>	<b>1,338</b>	<b>-15,371</b>	<b>53,851</b>	<b>46,472</b>	<b>-217</b>	<b>46,255</b>
Total comprehensive income (loss) for the period	-	-	-	-12,092	-12,092	*	-12,092
Exercise of stock options (see Note 4)	61	-24	-	-	37	-	37
Employee stock option scheme	-	32	-	-	32	-	32
<b>Balance as at Dec 31<sup>st</sup> 2019</b>	<b>6,715</b>	<b>1,346</b>	<b>-15,371</b>	<b>41,759</b>	<b>34,449</b>	<b>-217</b>	<b>34,232</b>
<b>FOURTH QUARTER 2018 (OCT-DEC)</b>							
<b>Balance as at Oct 1<sup>st</sup> 2018 (unaudited)</b>	<b>5,278</b>	<b>1,681</b>	<b>-15,371</b>	<b>42,170</b>	<b>33,758</b>	<b>-217</b>	<b>33,541</b>
Total comprehensive income for the period	-	-	-	4,616	4,616	*	4,616
Exercise of stock options	365	-115	-	-	250	-	250
Employee stock option scheme	-	50	-	-	50	-	50
<b>Balance as at Dec 31<sup>st</sup> 2018 (audited)</b>	<b>5,643</b>	<b>1,616</b>	<b>-15,371</b>	<b>46,786</b>	<b>38,674</b>	<b>-217</b>	<b>38,457</b>
<b>FULL YEAR 2019 (JAN-DEC)</b>							
<b>Balance as at Jan 1<sup>st</sup> 2019 (audited)</b>	<b>5,643</b>	<b>1,616</b>	<b>-15,371</b>	<b>46,786</b>	<b>38,674</b>	<b>-217</b>	<b>38,457</b>
Total comprehensive income for the period	-	-	-	405	405	*	405
Dividends payments to equity holders of the company	-	-	-	-5,432	-5,432	-	-5,432
Exercise of stock options (see Note 4)	1,072	-396	-	-	676	-	676
Employee stock option scheme	-	126	-	-	126	-	126
<b>Balance as at Dec 31<sup>st</sup> 2019</b>	<b>6,715</b>	<b>1,346</b>	<b>-15,371</b>	<b>41,759</b>	<b>34,449</b>	<b>-217</b>	<b>34,232</b>
<b>FULL YEAR 2018 (JAN-DEC)</b>							
<b>Balance as at Jan 1<sup>st</sup> 2018 (audited)</b>	<b>4,882</b>	<b>1,642</b>	<b>-15,371</b>	<b>34,439</b>	<b>25,592</b>	<b>-217</b>	<b>25,375</b>
Total comprehensive income for the period	-	-	-	16,172	16,172	*	16,172
Dividends payments to equity holders of the company	-	-	-	-3,825	-3,825	-	-3,825
Exercise of stock options	761	-242	-	-	519	-	519
Employee stock option scheme	-	216	-	-	216	-	216
<b>Balance as at Dec 31<sup>st</sup> 2018 (audited)</b>	<b>5,643</b>	<b>1,616</b>	<b>-15,371</b>	<b>46,786</b>	<b>38,674</b>	<b>-217</b>	<b>38,457</b>

\* Less than €500



# CONSOLIDATED STATEMENTS OF CASH FLOW

€'000, unaudited, 2018 full year audited	Fourth quarter (Oct-Dec)		Full year (Jan-Dec)	
	2019	2018	2019	2018
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Income before income taxes	2,635	5,998	16,917	19,498
<i>Adjustment for:</i>				
Decrease in options fair value and equity investment	246	84	246	84
Amortization and depreciation	1,208	527	3,960	1,895
Employee stock option scheme expenses	32	50	126	216
Capital loss due to fixed assets	-	27	-	27
Finance expense with respect to Senior secured bonds	578	**523	2,376	**1,512
Interest paid	-564	**520	-2,268	**1,010
Interest expense with respect to lease liabilities	52	-	214	-
Interest income and foreign currency exchanges differences with respect to funding to a related group	-312	-657	-2,428	-2,430
Interest received	53	-2	252	186
Increase in trade receivables	-1,216	-851	-1,110	-626
Decrease in restricted cash	465	6	422	72
Decrease in other receivables	1,452	-308	-24	-303
Decrease (Increase) in a related group's receivables and payables	-11	40	396	10
Decrease (Increase) in income taxes payable net of income taxes receivables	107	-27	37	-16
Increase in trade and other payables	-1,700	*10	-890	*2,188
Increase (Decrease) in loans with respect to leasehold improvements	-9	-37	22	-14
Increase (Decrease) in client liabilities	-819	1,101	-1,199	3,171
Increase (Decrease) in employee benefits, net	-13	87	-11	46
	<b>2,184</b>	<b>6,051</b>	<b>17,038</b>	<b>24,506</b>
Income taxes paid, net	-13,706	-13	-14,515	-862
<b>Net cash generated from (used in) operating activities</b>	<b>-11,522</b>	<b>6,038</b>	<b>2,523</b>	<b>23,644</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of property and equipment	-67	-67	-730	-340
Investment in intangible assets	-1,701	-1,000	-5,551	-3,578
Net cash paid with respect to business combination	-202	-	-12,797	-
Investments and loans – associated companies	-316	*819	-2,192	*2,844
<b>Net cash used in investing activities</b>	<b>-2,286</b>	<b>-1,886</b>	<b>-21,270</b>	<b>-6,762</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of lease liability	-304	-	-1,050	-
Repayment of loans with respect to leasehold improvements	-32	-	-132	-119
Exercise of stock options	37	250	676	519
Issuance of senior secured bonds	-	-	-	**26,851
Dividends payments to equity holders of the Company	-	-	-5,432	-3,825
<b>Net cash generated from (used in) financing activities</b>	<b>-299</b>	<b>250</b>	<b>-5,938</b>	<b>23,426</b>
Net increase (Decrease) in cash and cash equivalents	-14,107	4,402	-24,685	40,308
Cash and cash equivalents at the beginning of the period	43,142	49,318	53,720	13,412
<b>Cash and cash equivalents at the end of the period</b>	<b>29,035</b>	<b>53,720</b>	<b>29,035</b>	<b>53,720</b>

\* Reclassification of current due payments as of December 31<sup>st</sup>, 2018.

\*\* Reclassification of Bond interest and finance expenses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 – GENERAL

Aspire Global plc (the "Company") was incorporated in Gibraltar on 17 December 2003. On 9 May 2017, the Company re-domiciled to Malta. As of July 11th, 2017, the Company's shares are traded on Nasdaq First North Premier Growth Market in Stockholm, Sweden, under the ticker "ASPIRE".

The Company together with its subsidiaries (the "Group") is a top platform provider which offers a total "all-in-one" solution for online gaming operators. The Group provides an advanced solution combining a robust platform, interactive games, and a set of comprehensive operational services. Gaming operators, affiliates and media companies benefit from flexible cross-platform solutions that include fully managed operations and customized integrations of a vast games offering.

## NOTE 2 – BASIS FOR PREPARATION

The interim condensed consolidated financial information ("Interim Financial Information") of the Group has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the EU ("IAS 34").

The Interim Financial Information has been prepared on the basis of the accounting policies adopted in the Group's audited consolidated financial statements for the year ended December 31<sup>st</sup> 2018 ("Annual Financial Statements"), which were prepared in accordance with International Financial Reporting Standards as adopted by the EU, except as specified hereafter under new standards. This Interim Financial Information should be read in conjunction with the Annual Financial Statements and notes thereto issued on April 11<sup>th</sup> 2019.

The Interim Financial Information is unaudited, does not constitute statutory accounts and does not contain all the information and footnotes required by accounting principles generally accepted under International Financial Reporting Standards for annual financial statements.

All significant judgements and estimates used by the Group remain unchanged from the previous audited annual report and all valuation techniques and unobservable inputs remain unchanged.

### New standards, interpretations and amendments adopted by the Group:

1. International Financial Reporting Standard 16 "Leases" (hereafter – "IFRS 16"). IFRS 16, published in January 2016, supersedes IAS 17 "Leases" and its interpretations. IFRS 16 changes the accounting treatment of leases on the part of the lessee while the lessor's accounting treatment remains largely unchanged. IFRS 16 cancels the classification of leases as finance or operating by the lessee and states that a lessee shall recognize in the statement of financial position an asset, and a lease liability in respect of all leases, except for leases with periods of less than 12 months and leases where the underlying assets are of low value.

The accounting treatment pursuant to IFRS 16 with regarding to lessees is to be applied retrospectively in one of the two following ways:

- Restatement of prior period; or
- Recognition of the cumulative effect of the retroactive implementation as adjustment to the opening balance of retained earnings (or another component of equity, as applicable) for the period in which the standard is initially applied, subject to certain requirements and reliefs provided by the Standard.

The Company has implemented IFRS 16 retrospectively from January 1, 2019, without Restatement of previous periods. Also, the retrospective implementation of the standard had no effect on the opening balance of the retained earnings.

**IMPACT AS AT JANUARY 1ST 2019:**

<b>€'000, unaudited</b>	<b>In line with the previous policy</b>	<b>Effect of the application of IFRS 16</b>	<b>Pursuant to IFRS 16</b>
Right-of-use assets	-	3,406	3,406
Current liabilities	-	-944	-944
Lease non-current liabilities	-	-2,462	-2,462

2. IFRIC 23, Uncertainty over Income Tax Positions, clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. IFRIC 23, will require entities to calculate the current tax liability in their financial statements as if the tax authorities were going to perform a tax audit, and the tax authorities knew all the facts and circumstances about the entity's tax position. IFRIC 23 addresses the following issues:
- Whether an entity should consider uncertain tax treatments separately;
  - The assumptions an entity should make about the examination of tax treatments by taxation authorities;
  - How an entity determines taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates; and
  - How an entity considers changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1<sup>st</sup>, 2019. The Group adopted IFRIC 23 using the full retrospective method of adoption with no material impact on the financial statements of the Group after it has re-assessed the tax computation in accordance with the requirements of the new standard, and the tax liability recognized in the same amount for all periods presented in the interim financial statements.

### NOTE 3 – SEGMENT INFORMATION

Segmental results are reported in a manner consistent with the internal reporting provided to management. The operating segments identified are:

- Business to Business (“B2B”)
- Business to Customer (“B2C”)

Management assesses the performance of operating segments based on revenues and segment results.

Segment results contain revenues net of royalties and acquisitions and other expenses for the B2B and B2C segments, respectively.

FOURTH QUARTER 2019 (OCT-DEC)				
€'000, unaudited	B2B	B2C	Elimination	Total
Revenues (including EU VAT)	21,184	11,051	-	32,235
Revenues (inter-segment)	1,678	-	-1,678	-
EU VAT	-348	-771	-	-1,119
<b>Net revenues</b>	<b>22,514</b>	<b>10,280</b>	<b>-1,678</b>	<b>31,116</b>
<b>Expenses</b>	<b>-19,084</b>	<b>-9,358</b>	<b>1,678</b>	<b>-26,764</b>
<b>EBITDA</b>	<b>3,430</b>	<b>922</b>	<b>-</b>	<b>4,352</b>
<b>UNALLOCATED EXPENSES:</b>				
Amortization and depreciation				-1,208
<b>Operating income</b>				<b>3,144</b>
Interest income and foreign currency exchange differences with respect to funding to a related group				312
Finance income				27
Finance expenses				-848
<b>Income before income taxes</b>				<b>2,635</b>

FOURTH QUARTER 2018 (OCT-DEC)				
€'000, unaudited	B2B	B2C	Elimination	Total
Revenues (including EU VAT)	19,264	13,615	-	32,879
Revenues (inter-segment)	2,042	-	-2,042	-
EU VAT	-190	-505	-	-695
<b>Net revenues</b>	<b>21,116</b>	<b>13,110</b>	<b>-2,042</b>	<b>32,184</b>
<b>Expenses</b>	<b>-16,754</b>	<b>-10,913</b>	<b>2,042</b>	<b>-25,625</b>
<b>EBITDA</b>	<b>4,362</b>	<b>2,197</b>	<b>-</b>	<b>6,559</b>
<b>UNALLOCATED EXPENSES:</b>				
Amortization and depreciation				-527
<b>Operating income</b>				<b>6,032</b>
Interest income and foreign currency exchange differences with respect to funding to a related group				657
Finance income				42
Finance expenses				-733
<b>Income before income taxes</b>				<b>5,998</b>



FULL YEAR 2019 (JAN-DEC)				
€'000, unaudited	B2B	B2C	Elimination	Total
Revenues (including EU VAT)	81,146	50,299	-	131,445
Revenues (inter-segment)	7,565	-	-7,565	-
EU VAT	-1,128	-2,779	-	-3,907
<b>Net revenues</b>	<b>87,583</b>	<b>47,520</b>	<b>-7,565</b>	<b>127,538</b>
<b>Expenses</b>	<b>-71,651</b>	<b>-41,748</b>	<b>7,565</b>	<b>-105,834</b>
<b>EBITDA</b>	<b>15,932</b>	<b>5,772</b>	<b>-</b>	<b>21,704</b>
<b>UNALLOCATED EXPENSES:</b>				
Amortization and depreciation				-3,960
<b>Operating income</b>				<b>17,744</b>
Interest income and foreign currency exchange differences with respect to funding to a related group				2,428
Finance income				363
Finance expenses				-3,618
<b>Income before income taxes</b>				<b>16,917</b>

FULL YEAR 2018 (JAN-DEC)				
€'000, audited	B2B	B2C	Elimination	Total
Revenues (including EU VAT)	56,604	47,988	-	104,592
Revenues (inter-segment)	7,198	-	-7,198	-
EU VAT	-508	-1,601	-	-2,109
<b>Net revenues</b>	<b>63,294</b>	<b>46,387</b>	<b>-7,198</b>	<b>102,483</b>
<b>Expenses</b>	<b>-50,897</b>	<b>-37,583</b>	<b>7,198</b>	<b>-81,282</b>
<b>EBITDA</b>	<b>12,397</b>	<b>8,804</b>	<b>-</b>	<b>21,201</b>
<b>UNALLOCATED EXPENSES:</b>				
Amortization and depreciation				-1,895
<b>Operating income</b>				<b>19,306</b>
Interest income and foreign currency exchange differences with respect to funding to a related group				2,430
Finance income				138
Finance expenses				-2,376
<b>Income before income taxes</b>				<b>19,498</b>

#### NOTE 4 – SHARE BASED PAYMENT

- A. Following Note 9 and 27 to the Annual Financial Statements on February 13th 2019, the Company granted certain employees 105,000 options to purchase its shares, such options shall vest in three equal tranches over a three-year period. The fair value of the above-mentioned granted options was calculated based on the Black-Scholes model, utilizing the following assumptions: Stock price €4.95, Expected term 2.68 years, Volatility 44.6%, dividend yield 2.47% and risk-free rate 2.57%.
- B. During the 12 and 3-month periods ended December 31<sup>st</sup> 2019, Company options were exercised to a total of 1,285,949 and 73,256 shares, respectively. The exercise price consideration received for the shares during the 12 and 3-month periods ended December 31<sup>st</sup> 2019, amounted to €676 thousand and €37 thousand, respectively.

## NOTE 5 – INCOME TAXES

In Israel, the Group was undergoing a tax audit. The Israeli tax authority (“ITA”) raised various arguments with respect to the Group’s management and control jurisdiction, permanent establishment and transfer pricing among the group entities and the gain on the sale of the ilottery assets. A settlement agreement with respect to the years 2008-2018 was reached on December 31<sup>st</sup> 2019 and the Group paid €13.7 million. The Group has considered the implications of the settlement in the recognition of the 2019's current income taxes expenses.

## NOTE 6 – RELATED PARTIES

- A. Following Note 21 to the Annual Financial Statements, the consulting fees in the 12-month periods ended December 31<sup>st</sup> 2019 and 2018 amounted to €137 thousand and €126 thousand respectively and in the 3-month periods ended December 31<sup>st</sup> 2019 and 2018, €35 thousand and €32 thousand, respectively
- B. Following Note 21 to the annual financial Statements, 2018, capital notes, loans and accrued interest:

€'000, unaudited, 2018 full year audited	As at Dec 31 <sup>st</sup>	
	2019	2018
Principal amount	19,461	19,072
Balance*	13,421	11,243
Contractual interest rate, %	1	1
Effective interest rate, %	20	20

\* Including accrued interest and exchange rate differences of €10,431 thousand and €8,253 as of December 31<sup>st</sup> 2019 and December 31<sup>st</sup> 2018, respectively.

Other transactions	Fourth quarter (Oct-Dec)		Full year (Jan-Dec)	
	2019	2018	2019	2018
Research and development services capitalized as an intangible asset	702	697	3,203	2,258
Research and development services within administrative expenses	87	70	457	588
Reimbursement of certain administrative expenses	-15	-45	-61	-246
Reimbursement of related expenses	-178	-278	-684	-1,240
Rental income	-163	-	-639	-

## NOTE 7 – INVESTMENTS AND LOANS

€'000, unaudited, 2018 full year audited	As at December 31 <sup>st</sup>	
	2019	2018
<b>Neolotto</b>		
Investment, loans and accrued interest Less the Group's share in accumulated results and impairment charges	-	650
	-	<b>650</b>
<b>Minotauro (3)</b>		
Investment	1,183	1,183
Loans and accrued interest Less the Group's share in accumulated results	-423	-173
	<b>760</b>	<b>1,010</b>
<b>Market Play</b>		
Investment	2,028	*1,724
The Group's share in accumulated results	-1,501	-1,222
	<b>527</b>	<b>502</b>
<b>NEG Group (1)</b>		
Investment	2,000	200
The Group's share in accumulated results	-199	-
	<b>1,801</b>	<b>200</b>
<b>Vips Holdings (2)</b>		
Investment	750	-
The Group's share in accumulated results	-65	-
	<b>685</b>	-
<b>Total</b>	<b>3,773</b>	<b>2,362</b>

\* Reclassified

- On May 10<sup>th</sup>, 2019, the Company completed an investment, in a way of convertible loan, in NEG Group Limited ("NEG") in consideration for up to €2 million of which €1,260 thousand was paid and the remaining is performance based ("Contingent consideration"), to be paid (if any) till June 2020, resulting in 25% holdings. The Contingent consideration amount was estimated by the Company's management at €2 million and the unpaid amount was recorded as "Contingent consideration" on the Company' Statement of Financial Position as of December 31<sup>st</sup>, 2019. NEG has re-launched of Digibet brand ("Digibet") well in time for the UEFA euro 2020 tournament. Digibet will be offering a regulated gaming experience focusing on sports betting. The brand, has been operated on another platform and was re-launched on the Company's platform in Q3 2019. NEG is also responsible for marketing activities, bringing valuable expertise related to the key markets and acquisition channels. Purchase price allocation of the investment was completed allocating €1 million to goodwill.
- On May 9<sup>th</sup>, 2019, the Company invested in Vips Holdings ("Vips") in consideration for €750 thousands of which €575 thousand were paid as of December 31<sup>st</sup>, 2019, resulting in 13% holdings. The Company will invest an additional €750 thousand subject to additional funding raised by Vips, resulting in an increase to holdings of 25%. Vips launched the Vips Casino brand in Q3 2019, inter-alia is investing in the tech infrastructure and marketing in order to create unique features for the brand.
- Following Note 12 to the Annual Financial Statements, purchase price allocation of the Minotauro investment was completed allocating €0.8 million to domain to be amortized over 7 years. In 2019, the Company recorded expenses with respect to amortization amounted to €121 thousand and adjustment to the fair value of the option amounted to €90 thousand, in the Company share in the results of associated companies in the statement of comprehensive income.

## NOTE 8 – EARNINGS (LOSS) PER SHARE

€'000, unaudited, 2018 full year audited	Fourth quarter (Oct-Dec)		Full year (Jan-Dec)	
	2019	2018	2019	2018
<b>Basic and diluted earnings (loss) per share:</b>				
Net income (loss) attributable to equity holders of the	-12,092	4,616	405	16,172
Weighted average number of issued ordinary shares	46,419,482	44,750,127	45,977,309	44,475,645
Dilutive effect of share options	28,982	1,747,003	98,541	1,706,632
Weighted average number of diluted ordinary shares	46,448,464	46,497,130	46,075,850	46,182,277
Basic earnings (loss) per share (€)	-0.26	0.10	0.01	0.36
Diluted earnings (loss) per share (€)	-0.26	0.10	0.01	0.35

## NOTE 9 – BUSINESS COMBINATION

On October 7<sup>th</sup>, 2019, the Company completed a business combination acquiring GMS Entertainment Limited, the owner of Pariplay B2B group ("Pariplay"), in consideration totaling to ~€13.3 million, of which €0.3 million were advanced on July 4<sup>th</sup>, 2019 and €12.3 million were advanced on September 30<sup>th</sup>, 2019 while the closing was occurred on October 7<sup>th</sup>, 2019 were an additional €0.7 million were transferred to escrow. Final calculation of the consideration was done in Q4 2019. Pariplay operates game aggregator platforms worldwide, including its own game studios and holds an iGaming license for New Jersey.

Details of the preliminary purchase price allocation of the fair value of identifiable assets and liabilities acquired and goodwill are as follows:

€'000	Fair Value
Cash and cash equivalents	465
Restricted deposits	75
Other receivables	892
Trade receivable	60
Property and equipment	78
Right-of-use assets	401
Intangible assets*	8,859
Trade payables	-2,210
Other Payables	-1,101
Lease liabilities	-269
Other long-term liabilities	-256
Deferred Tax liability	-232
<b>Total Net Assets</b>	<b>6,762</b>

Fair value of consideration paid:

€'000	
<b>Total consideration (cash)</b>	<b>13,262</b>
<b>Goodwill</b>	<b>6,500</b>

\* Intangible assets comprise of technology and customers relations valued at of €3.3 million and €5.6 million, to be amortized over 10 and 20 years, respectively.

The hypothetical revenues and EBITDA of the combined entity assuming that the business combination had been completed on January 1<sup>st</sup>, 2019:

<b>€'000, unaudited</b>	Full year 2019 (Jan-Dec)		
	<b>Aspire Global</b>	<b>Pariplay</b>	<b>Total</b>
Revenues	128,392	10,553	138,945
EBITDA	21,187	1,705	22,892
Net income and comprehensive income	144	574	718

#### **NOTE 10 – SUBSEQUENT EVENTS**

- January 14<sup>th</sup> 2020, the board of directors of the Company, approved an exercise of options to purchase 14,000 shares to certain employees, according to company's 2017 share options scheme.

# DEFINITIONS

<b>Active players</b>	Players with activated (played) deposits during the period
<b>Affiliate</b>	Companies that convey advertising on the internet on behalf of various websites
<b>Betting duties</b>	Betting duties are excise duties on gaming. The tax is paid by anyone organizing gaming for the public or organizing games for business purposes.
<b>Company hold</b>	Net gaming revenues/deposits
<b>CRM</b>	Customers Relation Management
<b>Earnings per share</b>	Profit for the period divided by the average number of outstanding shares during the period
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortization
<b>EBITDA margin</b>	EBITDA/net revenues (Note that being the license holder means Aspire Global receives payment directly from players, as oppose to a royalty from partners; which is the case for most other B2B-companies. Adjusted for these circumstances, the Company's EBITDA margin would be much higher, meaning EBITDA-margin is not fully comparable to the EBITDA-margin of peers.)
<b>Gaming license</b>	Approval to operate and provide online gaming in a regulated market
<b>Gaming transactions</b>	Total bets on games in a certain period
<b>GDPR</b>	Abbreviation of the English name General Data Protection Regulation. In Swedish, this is called the Allmänna dataskyddsförordningen. GDPR is a regulation adopted by the EU, which applies as of May 25th 2018. The aim is to strengthen protection for individuals in the handling of personal information and the regulation defines the handling of information that can be directly or indirectly linked to an individual
<b>Gross Gaming Revenues (GGR)</b>	Total bets minus prizes
<b>HTML</b>	Hyper Text Markup Language. A standard markup language for web pages
<b>Jackpot</b>	Typically, a large cash prize, accumulated of un-won prizes
<b>LTV</b>	Total net profit from a specific player
<b>LTV-model</b>	Lifetime Value Model – Statistic tool for prediction of the total future net profit from a specific player
<b>MGA</b>	Malta Gaming Authority
<b>Net Gaming Revenues</b>	Gross gaming revenue (GGR) adjusted for bonus costs and external jackpot contributions
<b>Partner royalties</b>	Share of net gaming revenue (NGR) kept by Aspire Global before paying partners.
<b>Player acquisition cost</b>	The cost of acquiring FTDs
<b>Regulated markets</b>	Markets with local regulations for online gaming, limiting casinos operations to companies holding a local license
<b>Revenue growth</b>	Revenues (period)/Revenues (previous period)
<b>Revenues, adjusted</b>	Revenues adjusted for discontinued operations
<b>Set-up-fee</b>	A fixed set-up fee is charged immediately following the agreement to launch a new casino
<b>Slots</b>	Casino game with three or more reels which spin when a button is pushed. Slot machines are also known as one-armed bandits.