

## Q3 2015 INTERIM REPORT

### HIGHLIGHTS

- All time high quarterly revenues of EUR 6.0 million, an increase of 25 per cent quarter over quarter, and 62 per cent over third quarter 2014
- Gross profit margin increased to 66 per cent in third quarter 2015, compared to 58 per cent in second quarter 2015
- iGamingCloud signed three new clients in third quarter and three so far in fourth quarter
- Acquired two affiliate networks in third quarter, significantly increasing GiG's traffic driving capability of new paying users
- Successful launch of proprietary sportsbook service on Guts.com in September
- Major TV campaign launched in third quarter – increase in signups and first time depositors

### KEY FIGURES

EUR 1000	Q3 2015	Q3 2014	9M 2015	9M 2014	2014
Revenue	5 995	3 705	14 586	8 871	12 347
EBITDA	-0	178	18	163	-117
Pre tax profit (loss)	129	141	724	226	-220

### ABOUT GIG

*Gaming Innovation Group Inc. is an emerging gambling solutions and interactive entertainment provider. The Group offers cutting-edge cloud-based services and B2B performance marketing, and owns B2C gambling operators that offer games from best-of-breed suppliers across the online sports betting and casino industry. Gaming Innovation Group operates out of Malta and is listed on the Oslo Stock Exchange under the ticker symbol "GIG".*



## Summary

Gaming Innovation Group Inc. (GIG) had a strong third quarter, with solid operational progress in all segments.

GIG continued its strong growth through the third quarter 2015. Revenues for the quarter were EUR 6.00 million, an increase of 62 per cent over third quarter 2014, and 25 per cent over second quarter 2015. As the company continues to invest cash flow from operations in growth, EBITDA was at EUR 0.00 million, compared with EUR 0.18 million in third quarter 2014.

During third quarter 2015, GIG took further steps to commercialise its cloud-based platform services, iGamingCloud (iGC). After signing iGC's first external client in April, three additional clients were signed in the third quarter, and the first customer launched its brand InstaCasino.com in September. Three additional iGC agreements were entered into in October and November.

The new agreements indicate market acceptance for iGamingCloud's innovative cloud-based services, and additional clients are expected to sign before year end. These B2B agreements had minimal impact on third quarter revenues, but as the clients migrate or establish their services on the iGC platform, an entirely new revenue source will come into effect for GIG. The current portfolio of signed contracts is expected to contribute in excess of EUR 2.8 million annually.

GIG contracts games, odds and payment services, offered to end-users and B2B clients by third-hand suppliers through tier-based royalty deals. The migration of the company's own brand, Guts.com, to iGamingCloud in June, as well as increased volumes on behalf of the company itself and B2B clients, and investment in the payment gateway EPG, will gradually take effect resulting in lower gateway fees and processing rates. As a result, cost of sales continued to decrease, leaving a 66 per cent gross margin in third quarter 2015, an improvement from 54 per cent in third quarter 2014 and 58 per cent in second quarter 2015.

To obtain further advantages of scale, GIG's profits will, as previously announced, continue to be invested in marketing. A major TV campaign for Guts.com was launched in August 2015, and a campaign for Betspin.com started in November. The new service Rizk.com will be launched in December, and will be supported by a separate campaign. The increased marketing efforts have resulted in a 73 per cent rise in marketing expenses, from EUR 1.09 million in second quarter 2015 to EUR 1.89 million in third quarter 2015, equalling an increase from 23 per cent to 32 per cent of revenues. The campaigns resulted in a 50 per cent increase in registered users in September and October, compared with the second quarter 2015, while first time depositors (FTD) more than doubled.

Concurrently, GIG continues to recruit and consolidate its organisation. As a result of Malta's status as a European iGaming-hub, and GIG's success in building an attractive position in this growth industry, the Group is able to attract leading expertise to its operating companies, thus strengthening its overall offering and market position. At the end of September, GIG had a total of 120 employees, an increase of 20 since the end of second quarter 2015.

During third quarter, GIG also finalised the development of a proprietary sportsbook service. This new offering was released on Guts.com in September, replacing an insourced offering. The new sportsbook represents a significant improvement, which is expected to make the Company more competitive in the Nordic B2C betting market.



## Strategic and operational update

Gaming Innovation Group Inc. operates out of Malta across three different iGaming business areas:

- Cloud Services (B2B)
- Operators (B2C)
- Performance Marketing (B2B)

### Cloud Services

iGamingCloud.com (iGC), GIG's innovative Software-as-a-Service platform for iGaming, was unveiled in February 2015 at ICE London, the largest iGaming trade show. iGC is a client management platform offering the full spectre of services for an iGaming operator. With the core functions of eliminating technological bottlenecks and significantly reducing costs for operators and white labels alike, iGC has the potential to be a game changer in the entire iGaming industry.

GIG's own brands operate on iGC, and external demand for the service has also been high. So far, seven external customers have signed, the first of which went live in September. The external customers are a mix of new brands and existing operators that are migrating to iGC from other platforms.

iGC generates recurring revenue from customers based on their volumes through the platform, and the Company estimates that the current portfolio of external B2B customers will contribute approximately EUR 2.8 million annually. GIG has achieved its initial target of five to ten iGC agreements in 2015, and expects to sign further agreements before the year end.

GIG has developed a proprietary sportsbook gaming service, mixing in-house technology with that of leading providers. The application was completed in September, and is included in the iGC platform. All in-house brands will be migrated to this service, and the offering will be bundled with the iGC platform as a Business-to-Business cloud service. This will allow clients to provide very competitive pre-match and live betting services, as well as all the tools and licenses required to manage a sports betting business.

In August 2015, GIG signed a license agreement with MicroGaming, which stipulates that their poker software will be supplied to GIG's operators. Poker will be launched to Guts.com's player base in December 2015, with plans to expand to Betspin.com and Rizk.com in 2016. This strategic agreement enables the inclusion of poker in GIG's cloud services offering to B2B clients, and marks a further milestone in the Company's commitment to becoming a full-scale iGaming entertainment and service provider.

### Operators

GIG is offering Business-to-Consumer (B2C) casino and sportsbetting services through its three brands, Guts.com, Betspin.com, and Rizk.com. GIG is contracting with most major gaming and payment services providers, and operates on its own licenses from Malta Gaming Authorities (MGA) and the United Kingdom Gaming Commission (UKGC).

GIG's major brand is Guts.com, an online sportsbook and casino that won the award for Best Global Casino in the IGB Awards in London in January 2015. Guts.com operated on an external platform since its launch in May 2013, but successfully migrated to GIG's iGC platform on June 1, 2015, improving the user experience and back-end capabilities.



Betspin.com launched in February 2015, as the iGC platform's first user. Betspin.com has been well received by both customers and the gaming industry. GIG has also developed a new casino and sportsbook brand, Rizk.com, which will launch in December 2015. This brand's focus on «Gamification» and on providing an innovative user interface will differentiate its target audience from that of the two other brands.

GIG's brands reached 35,590 active real money players in third quarter 2015, up 85 per cent when compared with third quarter 2014's 19,287 players. Starting with promotion of Guts.com, the Company launched a major TV advertising campaign in August 2015. The campaign is expected to increase the number of players, and, given the lifetime revenues of new customers, the campaign investment is expected to yield solid return over the coming years.

## Performance Marketing

GIG's subsidiary Innovation Labs aims to become a leading online performance marketing firm, serving the Company's own brands, as well as external operators. Innovation Labs refers paying users to B2B clients primarily on perpetual revenue share agreements. It sources the paying users by obtaining competitive rankings for high-value keywords in search engines through SEO (search engine optimization), thus generating traffic to owned websites. These websites contain guides and quality content for the gaming industry and serve as paths to operators. Innovation Labs also refers paying users through data-driven media-buying techniques.

The acquisitions of a Finnish affiliate network and an Estonia-based affiliate network were completed in July and August 2015, adding to GIG's existing operations and to the Company's cash flow going forward. The combined operations are expected to generate a considerable number of new real money players over the next three years. Innovation Labs has a strong cash flow and a high gross margin as a result of its large portfolio of paying users.

## Outlook

Gaming Innovation Group expects continued strong growth in all business areas. The industry is expanding, and with the Company's innovative solutions and market approach, its growth is expected to outpace that of the industry in general.

iGamingCloud is expected to accelerate beyond the growth experienced in third quarter 2015. So far in fourth quarter, the Company has entered into three new agreements. GIG has guided on up to 10 agreements to be signed in 2015, and, based on ongoing contractual discussions, the Company expects to start 2016 with a total number of agreements close to the upper level of the guided range. Growth is expected to continue in 2016, contributing to a significant strengthening of the Group's financial position and flexibility.

GIG also expects continued growth in its own operated casino and sports betting services. The customer base is gradually increasing, and, fuelled by TV campaigns, expanded offerings, and an improved user experience, the company aims to expand beyond the underlying market growth. The launch of Rizk.com in late 2015 is expected to further accelerate the growth trend.

Gaming Innovation Group has established a solid platform for growth, and remains optimistic with regard to its strategic, operational and financial development in 2016.



## FINANCIAL REVIEW

### Results for the third quarter 2015

Consolidated revenues were EUR 6.00 million in third quarter 2015, an increase of 62 per cent over third quarter 2014 (EUR 3.70 million), and 25 per cent over second quarter 2015. Revenues comprise income from the Company's gaming sites Guts.com and Betspin.com, from affiliate marketing in Innovation Labs, and B2B customers on the iGC platform. Cost of sales amounted to EUR 2.05 million, or 34 per cent of operating revenues in third quarter 2015. This is a reduction from 46 per cent of operating revenues in third quarter 2014, and from 42 per cent in second quarter 2015. Gross profit in third quarter 2015 was EUR 3.94 million, an increase of 98 per cent from third quarter 2014 (EUR 1.99 million), and 41 per cent from second quarter 2015 (EUR 2.80 million).

Marketing expenses were EUR 1.89 million in the third quarter 2015, an increase from EUR 1.16 million in third quarter 2014, and EUR 1.09 million in second quarter 2015. Marketing expenses amounted to 32 per cent of operating revenues in third quarter 2015, compared with 31 per cent in third quarter 2014 and 23 per cent in second quarter 2015. Other operating expenses amounted to EUR 2.05 million in third quarter 2015, compared with EUR 0.66 million in third quarter 2014 and EUR 1.62 million in second quarter 2015. Operating expenses are mainly related to salaries, rent and general corporate expenses, and the increase is a result of more activity and an increase in the number of employees from around 100 to 120.

EBITDA for the period ended at EUR 0.00 million, compared with EUR 0.02 million in third quarter 2014, and EUR 0.01 million in second quarter 2015.

Net other income was EUR 0.20 million in third quarter 2015, compared with EUR 0 in third quarter 2014, and EUR 0.85 million in second quarter 2015. Net result was EUR 0.13 million in third quarter 2015, compared with EUR 0.14 million in third quarter 2014, and EUR 0.82 million in second quarter 2015. Second quarter 2015 includes a gain on the sale of 10 per cent of the shares in iGaming Cloud in May 2015.

### Results for the first nine months of 2015

Consolidated revenues were EUR 14.59 million in the first nine months of 2015, an increase of 64 per cent, compared with EUR 8.87 million in the first nine months of 2014. Costs of sales in the first nine months of 2015 amounted to EUR 5.96 million, or 41 per cent of operating revenues, compared with EUR 4.23 million, or 48 per cent, in the first nine months of 2014. Gross profit was EUR 8.63 million in the first nine months of 2015, an increase of 86 per cent from EUR 4.64 million in the first nine months of 2014.

Marketing expenses amounted to EUR 3.90 million in the first nine months of 2015, compared with EUR 2.72 million in the first nine months of 2014. Other operating expenses amounted to EUR 4.70 million in the first nine months of 2015, compared with EUR 1.75 million in the first nine months of 2014. The increase in operating expenses is a result of growing operations and an increase in the number of employees.

EBITDA for the first nine months of 2015 was EUR 0.02 million, compared with EUR 0.16 million in the first nine months of 2014.

Net other income was EUR 0.86 million in the first nine months of 2015, compared with EUR 0.15 million in the first nine months of 2014. This includes a gain on the sale of 10 per cent of the shares in iGaming Cloud in May 2015. The net result from the first nine months of 2015 was EUR 0.69 million, compared with EUR 0.23 million from the first nine months of 2014.



## Cash flow & financial position

The consolidated net cash flow from operational activities amounted to EUR 0.39 million during third quarter 2015 (EUR -0.09 million in third quarter 2014). The net cash flow used by investment activities was EUR -0.71 million for third quarter 2015 (EUR -0.01 million in third quarter 2014). The net cash flow from financing activities was EUR 0.29 million for third quarter 2015 (EUR 0 in third quarter 2014).

The net decrease in cash and cash equivalents by the end the quarter amounted to EUR 0.05 million (EUR -0.09 million in 2014), and by September 30, 2015, holdings of cash and cash equivalents amounted to EUR 1.10 million (EUR 0.26 million in 2014). In addition, the Company had balances with payment providers and e-wallets related to its operators of EUR 1.49 million as at September 30, 2015.

As of September 30, 2015, GIG had total assets of EUR 33.69 million, including goodwill resulting from the merger of EUR 22.23 million (see note 3). Net interest bearing debt as at September 30, 2015, was EUR 2.65 million, an increase from EUR 0 as at September 30, 2014.

## SHAREHOLDER MATTERS

In 2014, Gaming Innovation Group Inc. (GIG) entered into a loan agreement with a group of lenders, where the lenders had an option to convert the loan into shares in GIG at a share price of NOK 0.50. During the third quarter of 2015 all remaining lenders converted their loans into shares, and a total of 21,890,000 of the Company's treasury shares were used for this conversion.

In July 2015, GIG acquired an Estonia-based affiliate for a consideration of EUR 900,000 plus 795,000 GIG shares. Part of the Company's treasury shares were used for the share payment.

In August 2015, a holder of warrants exercised his right to buy 1,025,000 shares at a share price of NOK 1.30 per share. Part of the Company's treasury shares were used for this warrant exercise.

In connection with the purchase of the minority interests in GIG's subsidiary Candid Gaming Ltd. in December 2014, 14,000,000 GIG shares were issued in January 2015 to a trust for the benefit of key employees. In August 2015 it was agreed to reduce the number of shares held by the trust to 9,000,000 shares, and the 5,000,000 excess shares have been returned to GIG as treasury shares.

In August 2015, the Company granted 450,000 options to employees. The exercise price is NOK 1.50 per share, and the options are exercisable, with 1/3 in June 2016, 1/3 in June 2017 and 1/3 in June 2018. Any shares received upon exercise of the options shall be subject to a lock-up until June 30, 2018.

No new shares were issued during the quarter, and the total outstanding number of shares in GIG as at September 30, 2015 was 502,120,952. At the same date, the Company owned 3,290,000 treasury shares, or 0.66 per cent of the outstanding shares. During the third quarter, 743,334 warrants expired, and a total of 6,975,000 options were outstanding as of September 30, 2015.

After the third quarter, the Company has granted 2,200,000 options to employees, with an exercise price of NOK 1.50 per share. 700,000 of the options are exercisable, with 1/3 in October 2016, 1/3 in October 2017 and 1/3 in October 2018. The remaining 1,500,000 options are exercisable in April 2018, pending fulfilment of certain operational targets. After this grant, a total of 8,150,000 options are outstanding.

In October 2015, GIG also converted EUR 400,000 in liabilities and NOK 562,500 in board fees for 2015, into 2,875,000 shares in GIG at a share price of NOK 1.50. Treasury shares were used, reducing the holding of own shares from 3,290,000 to 415,000, or from 0.66 per cent to 0.08 per cent of the outstanding shares.

**GAMING INNOVATION GROUP INC.**  
 CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
 IN EUROS  
 (Unaudited)

	Q3 2015	Q3 2014	9M 2015	9M 2014	2014
Revenues	5 995 156	3 704 706	14 585 672	8 871 004	12 346 946
Cost of Sales	2 054 101	1 714 648	5 960 473	4 231 192	6 167 778
<b>Gross profit</b>	<b>3 941 055</b>	<b>1 990 058</b>	<b>8 625 199</b>	<b>4 639 812</b>	<b>6 179 168</b>
Marketing expenses	1 891 025	1 156 252	3 902 901	2 723 484	3 522 283
Other operating expenses	2 050 412	656 218	4 703 827	1 752 978	2 774 308
Total operating expenses	3 941 437	1 812 470	8 606 728	4 476 462	6 296 591
<b>EBITDA</b>	<b>-382</b>	<b>177 588</b>	<b>18 471</b>	<b>163 350</b>	<b>-117 423</b>
Depreciation & amortization	74 382	38 652	155 343	92 333	128 002
<b>EBIT</b>	<b>-74 764</b>	<b>138 936</b>	<b>-136 872</b>	<b>71 017</b>	<b>-245 425</b>
Other income	203 369	1 619	861 261	154 861	25 670
<b>Results before income taxes</b>	<b>128 605</b>	<b>140 555</b>	<b>724 389</b>	<b>225 878</b>	<b>-219 755</b>
Income tax refund (expense)	-3 256	-243	-40 400	-252	72 764
<b>Net results</b>	<b>125 349</b>	<b>140 312</b>	<b>683 989</b>	<b>225 626</b>	<b>-146 991</b>
Exchange diff. on translation of foreign operations	-14 582	-	-69 953	-	-
<b>Total Comprehensive income (loss)</b>	<b>110 767</b>	<b>140 312</b>	<b>614 036</b>	<b>225 626</b>	<b>-146 991</b>
Total comprehensive income (loss) attributable to:					
Owners of the parent	93 181	126 477	357 122	234 717	-131 240
Non-controlling interests	17 586	13 835	256 914	-9 091	-15 751
<b>Total Comprehensive income (loss)</b>	<b>110 767</b>	<b>140 312</b>	<b>614 036</b>	<b>225 626</b>	<b>-146 991</b>
<b>Earnings (losses) per share attributable to Gaming Innovation Group Inc.:</b>					
Basic and diluted earnings (losses) per share	0.00	0.00	0.00	0.00	-0.00
Weighted average shares outstanding	470 664 637	122 887 995	279 336 494	146 117 809	142 850 990

**GAMING INNOVATION GROUP INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**IN EUROS**  
**(Unaudited)**

	9-30-15	9-30-14	12-31-14
<b>ASSETS</b>			
Non-current assets:			
Goodwill	22 230 484	-	-
Intangible assets	5 997 906	282 690	525 125
Deposits and other non-current assets	1 399 368	201 021	223 620
Total non-current assets	29 627 758	483 711	748 745
Current assets:			
Prepaid and other current assets	149 870	26 400	73 493
Trade and other receivables	2 812 806	2 842 340	2 702 977
Cash and cash equivalents	1 104 125	262 756	738 076
Total current assets	4 066 801	3 131 496	3 514 546
<b>TOTAL ASSETS</b>	<b>33 694 559</b>	<b>3 615 207</b>	<b>4 263 291</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Shareholders' equity:			
Share Capital	43 410 350	28 190 810	28 190 810
Share premium adjustment	-15 560 767	-27 211 450	-25 769 233
Retained earnings	214 962	162 316	-212 113
Attributable to Gaming Innovation Group Inc.	28 064 545	1 141 676	2 209 464
Non-controlling interests	772 206	316 220	494 302
Total equity	28 836 751	1 457 896	2 703 766
Current liabilities:			
Trade payables and accrued expenses	2 078 084	2 157 145	1 273 499
Short term loans	2 654 730	-	-
Other current liabilities	124 994	166	286 026
Total current liabilities	4 857 808	2 157 311	1 559 525
Total liabilities	4 857 808	2 157 311	1 559 525
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>33 694 559</b>	<b>3 615 207</b>	<b>4 263 291</b>
<b>Equity at beginning of period</b>			
Exchange of shares of GIG Ltd. for GIG	22 672 562	-	-
Exercise of warrants	914 794	-	-
Issuance of shares for repayment of debt	1 667 845	-	-
Issuance of shares for purchase of affiliates	209 221	-	-
Share subscriptions received	-	-	1 305 271
Share compensation expense	54 527	40 438	158 973
Non-controlling interests	256 914	-9 091	294 774
Adjustments to non-controlling interests	-	100 093	-
Net results	427 075	234 717	-146 991
Exchange differences on translation of foreign operations	-69 953	-	-
<b>Equity at end of period</b>	<b>28 836 751</b>	<b>1 457 896</b>	<b>2 703 766</b>

**GAMING INNOVATION GROUP INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**IN EUROS**  
(Unaudited)

	Q3 2015	Q3 2014	9M 2015	9M 2014	2014
<b>Cash Flows from Operating Activities</b>					
Results before income taxes	128 605	140 555	724 389	225 878	-219 755
Adjustments to reconcile profit before tax to net cash flow:					
Tax refund (expense)	-3 256	-243	-40 400	-11 442	72 764
Depreciation and amortization	74 382	38 652	155 343	92 333	128 002
Other adjustments for non-cash items and changes in operating assets and liabilities	189 012	-264 277	-288 713	-641 224	-1 095 281
Net cash provided (used) by operating activities	388 743	-85 313	550 619	-334 455	-1 114 270
<b>Cash Flows from Investing Activities</b>					
Purchase of property, plant and equipment	-91 058	-2 582	-289 307	-179 552	-298 624
Cash flow from other investing activities	-615 002	-6 204	-1 379 636	-44 322	-220 066
Net cash used by investing activities	-706 060	-8 786	-1 668 943	-223 874	-518 690
<b>Cash Flows from Financing Activities</b>					
Proceeds from loans	446 279	-	1 650 219	-	-
Funds received for shares to be issued	113 043	95	113 043	-	1 305 271
Cash flow from other financing activities	-273 936	-	-208 936	50 094	294 774
Net cash provided by financing activities	285 386	95	1 554 326	50 094	1 600 045
Translation gain (loss)	-14 582	-	-69 953	-	-
Net increase (decrease) in cash	-46 513	-94 004	366 049	-508 235	-32 915
Cash and cash equivalents - beginning	1 150 638	356 760	738 076	770 991	770 991
<b>Cash and cash equivalents - end</b>	<b>1 104 125</b>	<b>262 756</b>	<b>1 104 125</b>	<b>262 756</b>	<b>738 076</b>



# SELECTED NOTES TO GAMING INNOVATION GROUP INC. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED SEPTEMBER 30, 2015 AND 2014

## 1. GENERAL INFORMATION

Gaming Innovation Group Limited ("GIG Ltd.") is incorporated and domiciled in Malta, having a registered office at GB Buildings Penthouse, Water Street, Ta' Xbiex, XBX 1301. Pursuant to a reverse merger transaction consummated effective June 17, 2015, GIG Ltd. became a wholly-owned subsidiary of Gaming Innovation Group Inc. (formerly Nio Inc., "GIG" or the "Company") a US corporation incorporated in the state of Delaware and traded on the Oslo Stock Exchange with the ticker symbol "GIG". In connection with the reverse merger, Nio Inc. changed its name to Gaming Innovation Group, Inc. The transaction resulted in GIG Ltd. owning approximately 64% majority of Nio's post-transaction outstanding shares. Accordingly, although GIG is the legal parent, GIG Ltd. is treated as the accounting acquiror. (See the discussion of the accounting treatment in the last two paragraphs of this Note 1). GIG Ltd.'s principal activity is to provide the facility of internet gambling, gaming and betting.

Except as discussed in the following paragraph, the condensed consolidated financial statements of the Company as at and for the periods ended September 30, 2015 and 2014 are comprised of Gaming Innovation Group Inc. and its subsidiaries: Gaming Innovation Group Ltd, Candid Gaming Ltd ("Candid") and Gridmanager Ltd ("Grid") (corporations registered in Malta), GE Online Ltd ("GE") (a corporation registered in Gibraltar) and Les Encheres Bidou Inc. ("Bidou") (a corporation registered in Canada) and the following companies indirectly owned by Gaming Innovation Group Inc.: MT Secure Trade Ltd, ("Secure") Innovation Labs Ltd, ("Labs") H2H Poker Ltd (90%), ("Poker") Gaming Exchange Ltd. ("Exchange") (corporations registered in Malta), Spaseeba AS ("AS") (a corporation registered in Norway), NV SecureTrade Ltd ("Trade") and iGamingCloud NV ("Cloud") (corporations registered in Curacao), Online Performance Marketing Ltd. ("OPML") and Downright Marketing Ltd. ("DM") (corporations registered in British Virgin Islands).

The operations of Candid, Grid, GE and Bidou are only consolidated from June 17, 2015, the effective date of the reverse acquisition. These four companies were the only subsidiaries of GIG with continuing operations and are included from the merger date. The consolidated financial statements are from the Company's standpoint. All of GIG's other historical transactions have been closed out to share premium and the remaining balance reclassified to accumulated deficit on the accompanying statement of consolidated shareholders equity.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in conformity with IAS 34 and do not include all of the information required for full annual financial statements. The condensed consolidated interim financial statements for the periods ended September 30, 2015 and 2014 have not been audited by the Company's auditors.

These unaudited interim condensed financial statements have been prepared in conformity with International Financial Reporting Standards ("IFRS"). The condensed financial statements report the nine months of 2015 and the full year of operations of 2014 of Gaming Innovation Group Inc. and subsidiaries along with activities for the four GIG subsidiaries noted above for the period June 17 to September 30, 2015 based on the fact that GIG Ltd. has been determined to be the accounting acquiror and GIG has been determined to be the accounting acquiree.

The Company's consolidated financial statements are presented in Euros (EUR), which is the presentation and functional currency of the Company.

The functional currencies of its subsidiaries are the United States dollar, the Euro and the Canadian dollar which are translated into EUR at monthly average rates for revenues and expenses and at month end rates for assets and liabilities. Equity accounts are translated at historical rates. Exchange differences on translation of foreign operations are shown as a separate component of stockholders' equity (deficit) and reflected as other comprehensive income (loss) on the consolidated statement of comprehensive loss.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Accounting Policies

The accounting policies adopted and used in preparing the condensed consolidated financial statements as of and for the periods ended September 30, 2015 and 2014 are consistent with those used in preparing the Company's consolidated financial statements as of and for the year ended December 31, 2014.

## Revenue Recognition Policy

The Company's online gaming service operation provides a sportsbook and a casino product. Sportsbook revenue is attributable to gaming transactions in which the Company assumes an open position against the player and are reported net after deducting player real money winnings which are calculated according to the outcome of the game.

Gaming transactions in which the Company's revenue consists of a percentage of winnings or similar are accounted for in accordance with IAS 18 "Revenue". Gaming revenues are reported net after deduction for player real money winnings. The Company's Casino operations follow the same revenue recognition policies as its Gaming operations.

The Company's affiliate service operation recognizes revenue when the Company is awarded a percentage from the revenue generated of each customer brought by the affiliate's own marketing efforts. The Company's technology service operation recognizes revenue from the invoiced license revenue for the delivery of the Company's technical platform to its customers.

The Company's online sports betting service operations recognize revenues when calculations of odds on sporting events are both: a) prepared and provided to its customers and b) the calculated odds provide profits to its customers on the related sporting events betting sold to the public by its customers.

## Goodwill

Under IFRS 3, goodwill is the excess of consideration paid in a business combination over the fair value of the net tangible and intangible assets acquired. The Company has valued GIG's net outstanding 148,099,952 shares at the market price of GIG's shares on the closing of the merger transaction, NOK 1.16 (EUR 0.13). These are the shares the Company is deemed to have issued to effect the merger. The aggregate value of these shares is EUR 19,691,794, the fair value of GIG's other assets and its liabilities have been preliminarily determined to be equivalent to their carrying values, resulting in goodwill of EUR 22,230,484.

IFRS 3 requires recognition of impairment loss when the Company determines the carrying value of goodwill, measured at the segment level, will not be recovered. Goodwill is tested for impairment at least annually or when other factors exist indicating that an impairment loss may have occurred. Due to the relatively short period of time since the closing of the merger, management does not believe any impairment of goodwill has occurred. The Company will allocate the goodwill over various identifiable intangibles within twelve months of the acquisition date as required by IFRS and expects to assess the recoverability of goodwill prior to the publication of its annual audited financial statements.

## 4. INTANGIBLE ASSETS OTHER THAN GOODWILL

In connection with the forward acquisition of Spaseeba AS effective May 1, 2015 the shares issued to acquire Spaseeba were valued at the market price of GIG's shares on the closing of the merger transaction, NOK 1.16 (EUR 0.13). The aggregate value of these shares was EUR 3,589,891, and based on a fair value calculation performed by an external appraisal this is booked as intangible.

In Q3 2015, the Company acquired two affiliate networks including a large amount of websites with guides and quality content for the gaming industry and existing portfolios of affiliate accounts with partnering operators. The combined purchase price of EUR 1,550,000 is booked as intangible.

## 5. SEGMENT INFORMATION

The Company operated a single segment in 2015 and 2014 and as such, segment information is not presented. Geographical sales will be disclosed annually in the annual report.

## 6. DEPOSITS AND OTHER NON-CURRENT ASSETS

Other assets include security deposits on office leases and certain value added tax refunds due from various taxing authorities.

## 7. CURRENT LIABILITIES

Other liabilities include players' money which have been deposited or won by players but have not yet been withdrawn.

## 8. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share are calculated by dividing the net income (loss) for the period, plus or minus applicable dividends, by the weighted number of shares outstanding. Diluted earnings (loss) per share utilize the same numerator, but outstanding shares in gain periods include the dilutive effect of outstanding warrants and options determined by the treasury stock method.

## 9. CHANGE IN EQUITY

In January 2015, 27,000,000 new GIG shares were issued for the purchase of the minority interest in Candid at a share price of NOK 1.30 per share. In addition, as part of the transaction, 14,000,000 shares were issued and kept in treasury to be used by GIG for future compensation of Candid employees. GIG now owns 100% of Candid. In February 2015, 5,125,000 warrants were exercised at a share price of NOK 1.30 and shares were issued on June 17, 2015.

Pursuant to a special shareholders' meeting on March 17, 2015, the Company's number of authorized shares increased from 250,000,000 to 750,000,000 each with a par value of \$0.10.

On February 15, 2015 GIG Ltd. signed an agreement to exchange its entire issued share capital for shares in GIG. On June 17, 2015, GIG issued 290 million new shares to GIG Ltd.'s shareholders as consideration for all of their shares. Also, such shareholders may be entitled to a variable consideration of up to a maximum of 125 million shares, provided GIG Ltd. reaches certain revenue targets in 2015 and 2016.

In 2014, GIG entered into a loan agreement where the lenders had an option to convert the loan into shares at a share price of NOK 0.50. During the third quarter of 2015 all remaining lenders converted their loans into shares and a total of 21,890,000 of the Company's treasury shares were used for the conversion. In August 2015, GIG transferred part of its remaining treasury shares for the exercise of 1,025,000 warrants at NOK 1.30 per share, and 795,000 shares to the sellers of an affiliate network. Also in Q3 2015, it has been agreed to reduce the number of shares reserved for future compensation to Candid employees to 9,000,000, and the 5,000,000 excess shares were returned to GIG as treasury shares. As of September 30, GIG owned 3,290,000 treasury shares.

	Common Stock Shares	Common Stock Amount	Treasury Shares	Share Premium	Share Premium Adjustment	Non-controlling interest	Subscription receivable	Translation Reserve	Retained Earnings (Deficit)	Total Equity
<b>Balances at January 1, 2014</b>	<b>174 291</b>	<b>1 743</b>	-	<b>949 433</b>	-	<b>215 279</b>	-	<b>-2 315</b>	<b>-72 401</b>	<b>1 091 739</b>
Adjustment to give effect to the exchange of GIG Ltd. shares for 317,000,000 shares of GIG	316 825 709	28 189 067		-949 433	-27 239 634					-
Net result						-15 751			-131 240	-146 991
Exchange diff. on translating foreign operations								8 472	-8 472	-
Equity attributable to non-controlling interest on business combinations						294 774				294 774
Equity settled share based payments					158 973					158 973
Shares subscription received							1 305 271			1 305 271
<b>Balances at December 31, 2014</b>	<b>317 000 000</b>	<b>28 190 810</b>	-	-	<b>-27 080 661</b>	<b>494 302</b>	<b>1 305 271</b>	<b>6 157</b>	<b>-212 113</b>	<b>2 703 766</b>
Net result						256 914			357 122	614 036
Exchange diff. on translating foreign operations								-69 953	69 953	-
Exercise of warrants	5 125 000	455 766	33 015	313 981	112 032					914 794
Issue of shares in repayment of debt	5 000 000	444 650		55 298						499 948
Issue of treasury shares in repayment of debt			646 635		521 262					1 167 897
Issue of shares for purchase of affiliate	1 021 000	92 552	25 992		90 677					209 221
Share compensation expense				12 308	42 219					54 527
Issuance of subscribed shares					1 305 271		-1 305 271			-
Exchange of shares of GIG Ltd. for GIG	159 974 952	14 226 572	-705 642	-381 587	9 507 954	20 990		4 275		22 672 562
<b>Balances at September 30, 2015</b>	<b>488 120 952</b>	<b>43 410 350</b>	-	-	<b>-15 501 246</b>	<b>772 206</b>	-	<b>-59 521</b>	<b>221 518</b>	<b>28 836 751</b>

## 10. LOANS PAYABLE SHAREHOLDERS

In June 2014, the Company entered into a NOK 11,975,000 loan agreement with a group of lenders with an interest rate of 10 % per annum and maturity on September 15, 2015. The lenders were granted an option to convert the loan into Company shares at a share price of NOK 0.50. In January 2015, one million NOKs in loan value was converted into two million Company shares. In the third quarter of 2015, the remaining loan balance were converted into 21,890,000 Company shares.

In May 2015, GIG Ltd. entered into a loan agreement for EUR 700,000 with a lender with an interest rate of 10 % per annum and maturity on December 20, 2015.

In June 2015, GIG entered into loan agreements for NOK 7,000,000 with an interest rate of 10 % per annum. In July the loan was increased by NOK 10,000,000, and by a further NOK 1,450,000 in September, and maturity was extended to December 20, 2015. Close associates of Helge Nielsen and Jon Skabo, both board members of the Company, participated in the loan with NOK 1,000,000 each.

Short-term loans outstanding balances at September 30, 2015 and 2014 were EUR 2,654,730 and EUR 0 respectively.

## 11. RELATED PARTY TRANSACTIONS

In connection with the conversion of the June 2014 loan, the following primary insiders converted their part of the loan and received shares in GIG directly or through close associates; Helge Nielsen, chairman (5,000,000 shares), Jon Skabo, board member, (2,000,000 shares) and Tore Formo, CFO, (1,000,000 shares). Also, the following primary insiders has participated in the short term loans entered into in Q3 2015, directly or through close associates; Helge Nielsen (NOK 0.5 mio.), Jon Skabo (NOK 1.2 mio.), Christopher Langeland, board member (NOK 2 mio.) and Morten Hillestad, CEO Innovation Labs (NOK 2 mio). There were no other material related parties' transactions in the third quarter of 2015 than reported above in Notes 10 and 12.

## 12. SUBSEQUENT EVENTS

In October 2015, the Company granted 2,200,000 options to employees with an exercise price of NOK 1.50 per share. 700,000 of the options are exercisable with 1/3 in October 2016, 1/3 in October 2017 and 1/3 in October 2018. The remaining 1,500,000 options are exercisable in April 2018, pending fulfilment of certain operational targets. After this grant, a total of 8,150,000 options are outstanding.

Also in October, it was agreed to convert EUR 400,000 of liabilities and NOK 562,500 in board fees for 2015, into 2,875,000 treasury shares at a share price of NOK 1.50. Helge Nielsen, chairman received 150,000 shares, and each of the board members Jon Skabo, Christopher Langeland and Morten Soltveit received 75,000 shares each.



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