ANNUAL REPORT

2018

gig.com

GiG Overview

iGaming solutions based on innovative technology

VISION

“Opening up iGaming to make it fair and fun for all”

MISSION

“Have a stake in every fair online bet”

2012

GiG founded

2015

Listed on the Oslo Stock Exchange

2019

Dual-listing on Nasdaq Stockholm

~710
Employees

Offices in Malta, Denmark, Gibraltar, Norway, Spain, US

Licences in Malta, UK, New Jersey, Germany S-H, Sweden, Spain (pending)

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STRATEGIC REPORT

2018 HIGHLIGHTS

Launch of Sportsbook

One of the milestones that GiG went through in 2018 was when the in-house-developed sportsbook was launched just before the 2018 FIFA World Cup in Russia after 30 months of preperations. The sportsbook first went live on the in-house brand Rizk.com.

Entering the US with Hard Rock

The Partnership with Hard Rock International is something that has been getting a lot of attention. It has also needed a lot of resources in 2018, from the moment the initial contract for the online casino was signed to the launch of the full omnichannel solution in January 2019.

Games Studio Live and Proprietary Games Launched

The first in-house-developed slot game, Wild Reels, was released in October 2018 and was the final piece of the puzzle. GiG Games had been in development for the past year. The games studio develops gaming products including slots and table games. By adding GiG Games to its range of products, GiG achieved its ambition of becoming a full-service solutions provider to the Gaming industry and now covers the whole value chain within iGaming.

New Licences

A sports betting licence was obtained in the German state of Schleswig-Holstein through the acquisition of Nordbet. GiG entered the US online gambling market in New Jersey in June, authorised by The State of New Jersey Division of Gaming Enforcement (DGE) to provide a real-money online casino platform solution to operators in the state. The Company was also granted an affiliate vendor license in the state of New Jersey, US.

In December, the Company was awarded two licences in the Swedish market. One licence is used for GiG's in-house brands and the other licence is offered to its external customers.

GiG's expansion in regulated markets included an application for an online B2C casino and sports betting licence in Spain. During the year, GiG's proprietary Game Studio obtained licences in Malta, the UK, Estonia, Latvia, Lithuania and Sweden.

€151.4m
Revenues
+26% Y/Y

€27.4m
Cost of sales
+34% Y/Y

€47.2m
Marketing
Equal Y/Y

€60.7m
Other opex
+51% Y/Y

€16.1m
EBITDA
+29% Y/Y

Adj EBITDA
€18.9m

ISO Certification

In 2018, GiG's information security processes were tested against the highest international standards set by the International Organization for Standardization, via an ISO 27001:2013 audit. This certification highlights the Company's ongoing and systematic approach towards protecting the confidentiality, integrity and availability of all information GiG controls and processes.

New Customers on the Platform

In 2018 seven new costumers were signed on to the platform, bringing the total number of companies operating on the GiG Platform up to 39.

GiG Comply

In August GiG launched its monitoring tool GiG Comply. The tool helps to protect operators from promotions on websites which are not brand-safe and from misleading advertising in their name by crawling through thousands of web pages on a daily basis.

One GiG

In late 2017 the consolidation process started what put all the verticals under the same name. In order to ensure that all resources were used in the most efficient way, all the companies under the Gaming Innovation Group umbrella unified one GiG.

2018

OUTLINE OF EVENTS

JAN

19/01
Celebrates grand opening of new HQ in Malta

24/01
Strengthens sports offering through agreement with RunningBall

FEB

05/02
Gaming Innovation Group enters regulated US market through partnership with Hard Rock International

MAR

05/03
Celebrates its 5th anniversary

26/03
Obtains sports betting licence in the German state Schleswig-Holstein through the acquisition of Nordbet

28/03
Signs deal with games development studio Push Gaming

APR

03/04
Signs deal with mobile real money and social games developer Gaming Realms

MAY

15/05
Partners with Relax Gaming

JUN

13/06
Sportsbook launches on internal brand Rizk.com

28/06
Licensed to offer to provide a real-money online casino platform solution to operators in the state of New Jersey, US

JUL

2018

AUG

30/08
Launches GiG Comply and signs with Mr Green as first customer

23/08
Signs first external sportsbook contract with MRG's 11.lv in Latvia

SEP

25/09
Awarded ISO 27001:2013 certification on its GiG Core platform

27/09
Signs first external poker agreement with OneTimePoker

OCT

25/10
Extends deal with Metal Casino to provide sports betting services

25/10
Re-launches Thrills as a Pay N Play operator

16/10
Signs first contract with game studio

12/10
Launches its first in-house-developed game on own operators

12/10
Signs an LOI for sportsbook with Hard Rock International

04/10
Granted permission for B2B sports betting in the UK

NOV

01/11
GiG Games receives approval to supply games to B2C operators in the UK

05/11
GiG Games signs its first contract with external games aggregator

29/11
Gaming Innovation Group signs sportsbook contract with Hard Rock International

DEC

21/12
New Board of Directors elected and a reverse stock split of 10:1 effective from 21 December 2018

18/12
Applies for Spanish licence as part of expansion into regulated markets

18/12
Awarded two Swedish licences

05/12
Signs with GLHF.GG for the provision of eSports and iGaming services

04/12
Capital Markets Day

2019

30/01
Powers Hard Rock's omnichannel sportsbook launch in New Jersey

26/03
Stockholm listing with GiG share being dual-listed on Oslo Bors and at NASDAQ Stockholm

LETTER FROM THE CEO

Robin Reed

iGaming V3.0

Dear Shareholders,

The New Year countdown of 2018 marked the start of what might have been the most transformative year of the iGaming industry. 20 years ago, the first offshore bets were accepted during the FIFA World Cup in France. By 1st of January 2019, many operators would find themselves with the majority of revenues from locally regulated markets.

This wave of regulation, iGaming V3, which started in 2018 is very different from previous regulation we have seen. Whilst initial regulation sought to create frameworks for tax collection, and the second wave was about channelisation of companies and customers to a regulated environment, this wave seeks to improve the social impact and regulatory standing of online gambling.

The industry has long called for regulation and the general sentiment in the stock market towards regulation has been positive. Historically, regulation has unlocked new opportunities such as new marketing channels and payment infrastructure. iGaming V3 regulation is having a different effect: Early trends are showing an adverse revenue impact and a higher cost burden on the industry, with subsequent caution from the investment community to invest in gambling related companies.

Compound annual growth rates and total online gambling revenues are still expected to increase and this is the way we need to see things in GIG: regulation still offers a set of opportunities for companies and in GiG we are going to adjust and then capitalise on them:

1. Increased taxation, restrictions in marketing, mandatory loss limits and affordability and KYC checks, are clearly having an impact on short and mid-term performance. The obligation is at large put on the operators who own the relationship with the end users, driving an increased focus on creating sustainable business models. To succeed, you need to operate like a Swiss clockwork. The ones who will manage, will sit on a much larger share of a larger market.

   In GiG, we have developed all the major products and services on our proprietary technological stack. Most staff have been recruited and trained in-house with a low degree of outsourcing. Combined, this means we have a large degree of in-house control and subsequently are well positioned to foster the operational excellence and agility required to produce the sustainability model needed to win in iGaming V3.

2. With a sharp focus on sustainability models, the operators' product development roadmaps are increasingly focused on compliance and code refactoring. The increased complexity of a regulated operation, coupled with increased taxation, will create a need amongst operators for further outsourcing of the exterior layers of the technology stack and operations such as integrations, aggregations, content and compliance functionality.

In GiG, we are developing a modular and services based architecture of both platform solutions and content designed for multiple tenants. We can produce and sell these services as opposed to (only) procuring them, enabling us to cost share our in-house development. One example is our marketing compliance surveillance tool, GiG Comply, originally developed to control our partner programmes, now sold to Tier 1 companies.

3. Operators who have experienced the whole lifecycle of a market going from black to regulation and from being landbased to digital, have a unique opportunity to leverage that learned competence when identifying and targeting the next markets which are early in their regulatory and digital transformation. This secures a strong foothold pre-regulation and the scale needed to win post regulation.

   Our wide network allows us to quickly identify, research and go to market in new and high-potential markets. In some markets that would be through our own operations, brands and budget. In other markets, our B2B capability will allow us to secure the partnerships we need for market access or operational leverage. This gives us a strong edge over traditional B2C oriented operators. We are engaged in several such conversations and the attraction stems from our merits.

With Rizk.com, GiG has demonstrated our ability to produce a brand and user experience in casino whose digital perfection is rivalled by few. We have been targeting the Nordics and the DACH markets through internal operations and have grown rapidly and profitably.

In 2019, we will take the initial steps into new high potential markets with an ambition to accelerate the growth rate. The expansion will be led with our in-house operations and also forms the basis of our B2B strategy where we are selling the experience and the components of the products to local strategic partners, leveraging their brands and assets.

We want to achieve the same digital perfection and innovation pace in sports betting as in casino by developing a highly competitive sportsbook to gain market share in the category.

GiG is fully committed with development efforts towards a proprietary odds and market offering, platform and user experience. Online and sports betting had its platinum anniversary in 2018 and to catch up and exceed competitors in a relatively short period of time is a large undertaking. The ambition requires a high investment level. However, sports betting is key to the sustainability model required in regulated markets and to the acquisition and retention of end users who will also find our other products. To be a leader in the sports category we need to be innovative which dictates proprietary solutions. In GiG, we want to change both the interface and user experience of sports betting, as well as the conservative limit system imposed on users. This is a complicated endeavour and we need to display the commitment and perseverance required.

GiG's product delivery and operations are backed by our highly successful media department. Last year, we yet again displayed a strong performance as one of the largest and best performing affiliate networks in the industry. It is continuing to grow at a double-digit organic pace whilst being a highly cash positive business area. Our Media vertical is not only funding our platform and content development, it is also bringing strategic distribution, reach and network to GiG.

With digital performance marketing becoming an increasingly important marketing channel it is key that we continue to strengthen and expand this activity both through organic and accretive growth.

As GiG is maturing, and the market is changing, we are evolving. In a fast-paced environment, we need to be willing to adapt rapidly, at short notice. Brands, customers, customer segments or markets which might have been a great opportunity could be reversed by regulatory or technological change. The fundamental and hedgehog strategy in GiG is to have a highly skilled workforce, organisation and technology stack which allows us to learn, adapt and capitalise on such change. Tactics might change but this is the strategy we have always pursued. In 2018 we completed the last component in our vision to control the whole value chain in the industry. 2019 is the year to execute.

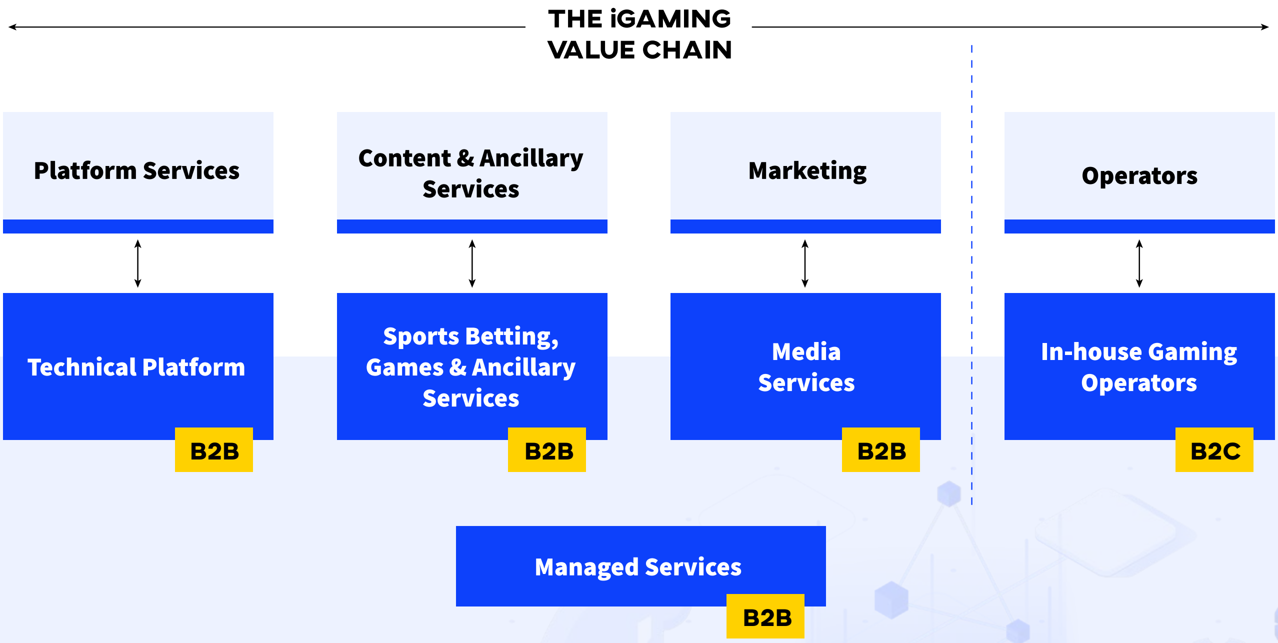
We are ready for iGaming V3.0

"The regulatory complexity is absorbed in core technology."

WE ARE GIG

Gaming Innovation Group Inc. ("GiG" or "the Company") is a technology company providing innovative and connected products and solutions throughout the entire value chain of the iGaming industry.

Founded in 2012, Gaming Innovation Group's vision is "Opening up iGaming to make it fair and fun for all". Throughout its ecosystem of products, services and solutions, GiG is connecting operators, suppliers and end users with the ambition of creating the best iGaming experiences in the world.



"Opening up iGaming to make it fair and fun for all"

Business Model

Our solutions enable GiG to enter the market at multiple points, each of which is mutually reinforcing by adding scale and share of cost. This enables the Company to take individual elements or aggregate slices of the market by selling a full solution or separate products and services, attracting established operators and other potential customers such as big brands, new entrants, media companies and casinos transforming their offline business to combine it with an omnichannel online offering.

GiG's value chain

GiG's in-house-developed products and services are present in the entire **iGaming value chain:**

Value Chain	Lead Generators	Platform Suppliers	Odds & Games Developers	Gaming Operators
What	Finding & referring end users to operators	Cloud-based platform services	Sports & Casino Services	In-house operators
Business model	Revenue share & fixed fees	Revenue share & fixed fees	Revenue share & fixed fees	Bets minus Wins
Customer	Gaming operators	Gaming operators	Gaming operators & platform suppliers	Direct end users
Business type	B2B	B2B	B2B	B2C
GiG Verticals	Media Services	Platform Services	Sports Betting Services & Casino Services	Gaming Operators

Revenue Generation

Throughout the iGaming value chain GiG mainly charges its customers on a revenue share model, and this is how the majority of the revenues are generated. This supports mutual ambitions on driving revenue. Some products and services include fixed fees. Some services, such as the GiG Comply tool, is paid as a monthly fee and other services are charged on a project revenue share and fee basis.

GiG's revenues comprise income from the Company's gaming sites with its own brands in the B2C operation, affiliate and paid media marketing in Media Services, B2B customers on the technical platform GiG Core and Sports Betting Services.

Cost Structure

Operating expenses (OPEX)

The major part of operating expenses are personnel expenses; the balance is mainly related to rent and general corporate expenses.

Cost of sales

Cost of sales are mainly related to the B2C segment and include fees to game and payment suppliers, gaming taxes and other variable expenses.

Marketing expenses

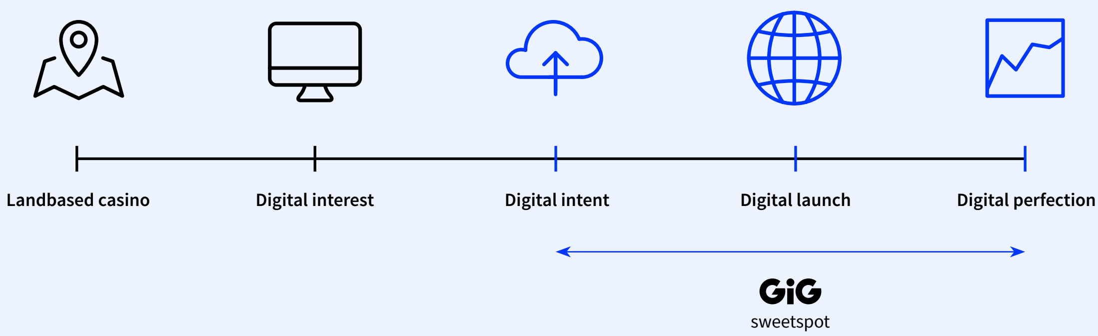
Marketing expenses are mainly derived from the Company's B2C operations, comprising up-front payments such as TV campaigns, CPA (cost per acquisition) and affiliate revenue shares, plus payment for traffic in Media Services' paid operation.

The Digital Gambling Lifecycle

GiG is investing in its 2020 goal as the global partner to ambitious brands in iGaming. It is currently positioned as the global partner for brands entering into, or developing, its iGaming business based on a modern tech stack, a dedicated team and continuously new features to drive revenue. This means GiG can take operators all the way from the ideation of creating an online gaming operation to running the finished product.

From landbased casino to digital perfection online

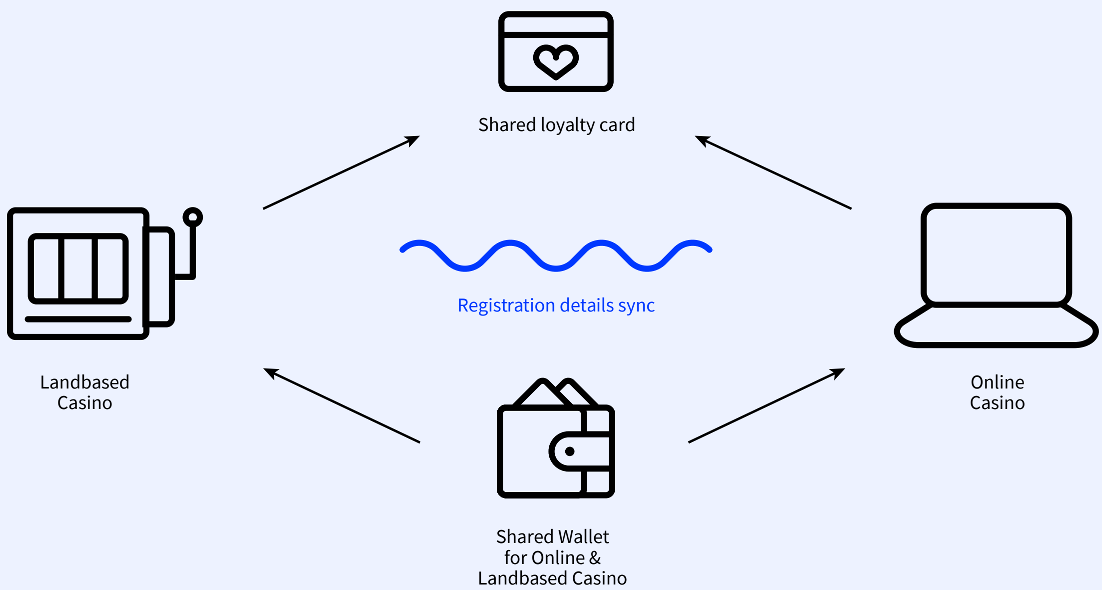
Our goal is to pursue digital perfection and leadership, supporting our customers as they grow their business through a partnership model



Flexible solutions empowering the build of a unique offering

We empower our partners to build their brands by creating the tools to be unique. Whether they need an integrated service portfolio, Managed Services or products, with GiG there is only one contact the customer needs to have.

The full omnichannel solution from GiG offers a seamless integration between offline and online.
One account: multiple opportunities.



Strategy

Vision and strategy for long-term sustainable growth

iGaming business is driven by volume. Looking at the way the wallet in iGaming is split, multiple interests share the dollar. In owning each of the components it takes to run an iGaming business, it is possible to keep a major part of the revenue within the Company.

Today, GiG covers the major parts of the full value chain within iGaming. The idea grew from identifying five categories a player meets in the player journey.

Back when GiG was no more than an idea and a strategy, the ambition was to cover all verticals, disrupt the value chain and become able to keep as much of the wallet as possible by adding scale and sharing the cost.

The Company have a sustainable business model based on proprietary technology from the first line of code which is scalable in all verticals, drive volume, margin and synergies for all.

This was what the strategic flywheel identified in 2012 and it is still the backbone and basis for the strategy of GiG today.

CEO Robin Reed explained the fast expansion and growth of GiG at the Capital Markets Day in Stockholm, 2018. In six years, GiG has developed from being a single poker community with EUR 300,000 in start-up capital to become a multinational organisation, which in 2018 generated more than EUR 150 million in revenue.

Building a sustainable strategy

GiG has invested heavily in technology and people to progress to its target of becoming the global partner for every brand serious about its iGaming, a journey which has taken the Company through two phases: the creation and establishment phase, and the development phase. In 2018 we started on the third phase: the building phase.

2018 became the year when the circle was completed. With the release of the first slots games from GiG Games, all major verticals in the iGaming value chain were covered. And every single product and service ever created by GiG has been sold to external customers.

The transformation of the Company does not stop here. Instead, a new phase has begun where the organisation is optimised to an ever-changing industry, to sell the products and services and to expand in regulated and soon-to-be regulated markets, partnering with strong brands.

Phase 1 2012 - 2015/16

Establish and create critical scale

- Initial footprint in iGaming
- Scalable & future-proof tech stack
- Funding for growth

Phase 2 2016 - 2017/18

Develop full-service B2B offering

- Volume on platform to increase sale
- Competitive B2B offering
- First set of target customers

Phase 3 2018/19...

Build leading iGaming company

- Robust revenue portfolio
- Increased speed of growth
- Optimisation and synergies

The 2020 Aim

With the full offering being launched the strategic intent is, by the end of 2020, to be the global partner for strong brands in iGaming.

The best way of future-proofing the Company's capabilities is to show it through pursuit of digital perfection in all verticals including landbased casinos entering the online world.

GiG is creating scalable products and services, ready to work in regulated or soon-to-be regulated markets. In addition, the Company will be growing some of its in-house brands.

Owning and offering a competitive technological architecture is a key building block in achieving large scale. To support its partners building market share, a tailor made, immersive and safe user experience is critical to success. GiG powers this by its experience and proprietary machine learning algorithms.

By owning the IP, GiG can achieve increased margins through decreased supplier costs, while selling B2B enables cost sharing and produces network effects.

The Market

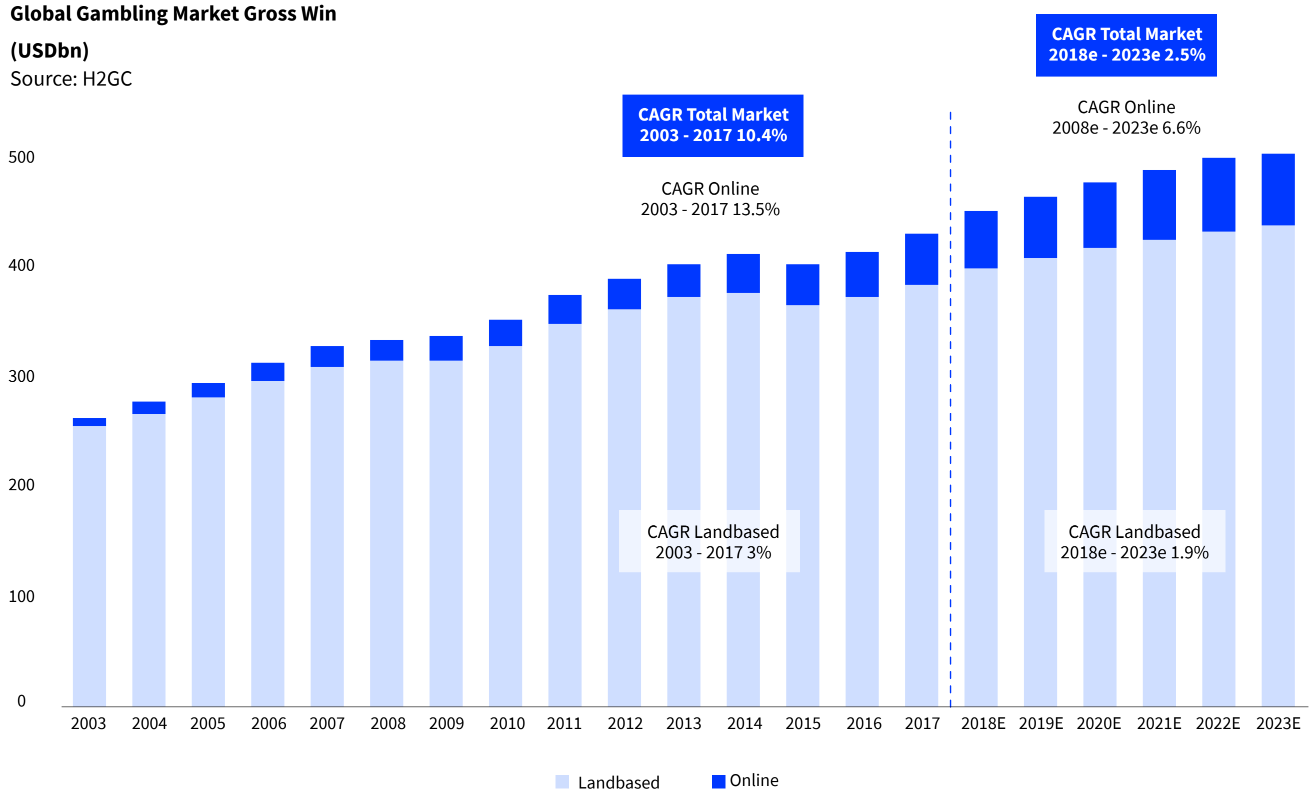
The online gambling market grew by 13.5% from 2003-2017, while the landbased market grew by 3% in the same period. In other words, the world is increasingly going online. That being said, the offline part of the gambling industry is still significantly larger than online. However, in the upcoming years, this gap is predicted to diminish as an increasing share of wallet is moving to online, which is growing faster than offline.

The digital transformation leads to a tectonic shift in revenues in iGaming. Previously, the digital space had been left largely uncontested by the major landbased operators, which are still offline.

However, with increasing regulation, for example the repeal of PASPA in the US, we are seeing an accelerating interest in going online.

GiG is well positioned to support customers through the entire migration from landbased, offline gambling to online with an additional option for brick and mortar omnichannel solutions. This development in the market fits with the 2020 ambition of being the global partner to ambitious brands in iGaming.

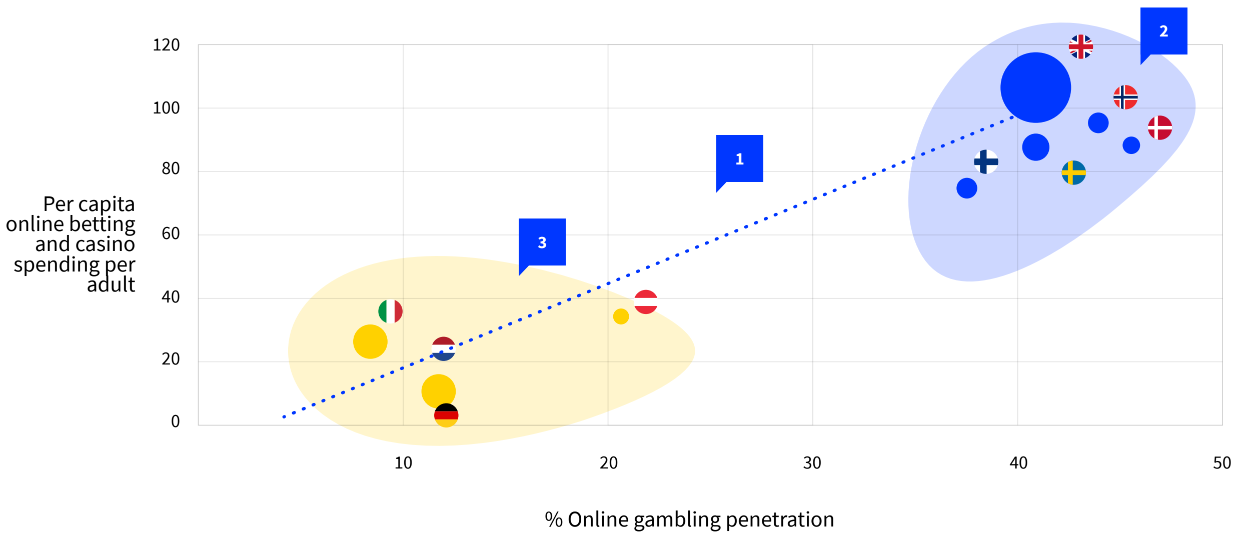
Global Gambling Market Gross Win (USDbn)
Source: H2GC



In countries such as the UK and Denmark, which regulated many years ago, or Sweden which just did, digital gambling has become the biggest source of revenue. Even "grey markets" without regulation like Norway and Finland go online when they want to place a bet or play casino.

In other markets, the total percentage of Net Gaming Revenue deriving from digital gambling shows there is still massive potential for brands who want to start their digital transformation and move part of their business online.

Bubble area represents actual size of online gambling in MEUR 2016



Source: H2GC data, GiG strategy analysis

Target customers

2018 has been a year where GiG's partnership with Hard Rock International has been given a lot of attention. This signing was a milestone for GiG and the largest partnership signed so far. It was teamed with GiG entering the regulated market in the US, in the state of New Jersey.

The wave of regulation which is unfolding in the iGaming industry will change the future for operators. Some will pull out and increased rules and regulation will also make it more appealing for others to enter.

The way GiG sees it, the operators and potential customers are divided into four groups or clusters:

Big brand new entrants: Companies like Hard Rock International, which already have a strong brand with a global reach but have no previous presence online. They can capitalise on already having a strong machinery and other parts of their business, such as landbased casinos, media rights or other distribution channels.

Locals: Operators with a strong local presence and maybe even a history within gambling. This includes companies such as state monopolies, local incubators or other brands with a strong local penetration which can use their brand awareness to gain significant market share.

Challengers: Operators who have grown large in the iGaming industry by partly being willing to operate in grey markets with an increased risk. In a regulated future, the Challengers will be squeezed on their profits and a second wave of consolidation is expected to happen. Nevertheless, regulation also opens up a new set of marketing opportunities for the Challengers and with the larger scale they gain from consolidating, they can invest in better user experience. Some of these brands have grown so large they have become what in GiG is defined as Emerging Superstars.

Aspiring Superstars: These are the companies which have become digital experts with a massive scale, a global presence and the ambition of having a large share of their wallet coming from highly-regulated markets, due to the more stable environment.

There are future opportunities for GiG to offer solutions to all groups or clusters. A strategic decision has been made to mainly focus on Big brand new entrants and on Locals, where these categories of operators can highly benefit from GiG's solutions. The other two categories will be considered on an opportunistic level.

1 Big brand new entrants

- Opens up opportunities to embark on iGaming
- Capitalisation on media rights

2 Locals

- Re-regulation creates opportunities for state monopolies
- Landbased operators going online
- Regulation main global driver

3 Challengers

- Re-regulation squeezes profits
- Drives consolidation
- Creates marketing opportunities

4 Aspiring superstars

- Less dependent on local regulations
- Opens up opportunities, especially in the US

GiG'S UNIQUE ADVANTAGES TO SUPPORT AN iGAMING GREEN FIELDER

Big brand new entrants

- Platform solutions
- Product verticals
- Managed Services
- Media Services
- Experience
- Integrated offline to online solutions

Access to scale advantages

- Cost sharing
- UX development
- Innovation & development
- Bargaining power with 3rd party suppliers

Knowledge & experience

- Experience from operator business & online brand building
- Experience from Managed Services
- Regulatory competence

B2C Gaming Operators

In 2018, GiG operated seven in-house brands. From 2019 it operates six consumer-facing brands offering casino games, odds and poker tables.

GiG's B2C operations supports the development of the B2B solutions and connects operators, suppliers and end users to create the best iGaming experiences.

The brands drive revenue to the Company and are used to test and display the capabilities of the platform, to provide volume and share of cost to the economy of scale and to keep the know-how of being an operator together with an ear to the market. This benefits both GiG, its customers and the end users.

The B2C vertical is using data driven tools such as machine learning and artificial intelligence to create an automated and personalised user experience. Data also supports player value prediction at point of registration.

All in-house brands use the GiG platform and operate on GiG’s own licences from the Malta Gaming Authorities (MGA), the United Kingdom Gambling Commission (UKGC), the Swedish regulator Spelinspektionen and the licence in the German state of Schleswig-Holstein.

In-house brands:

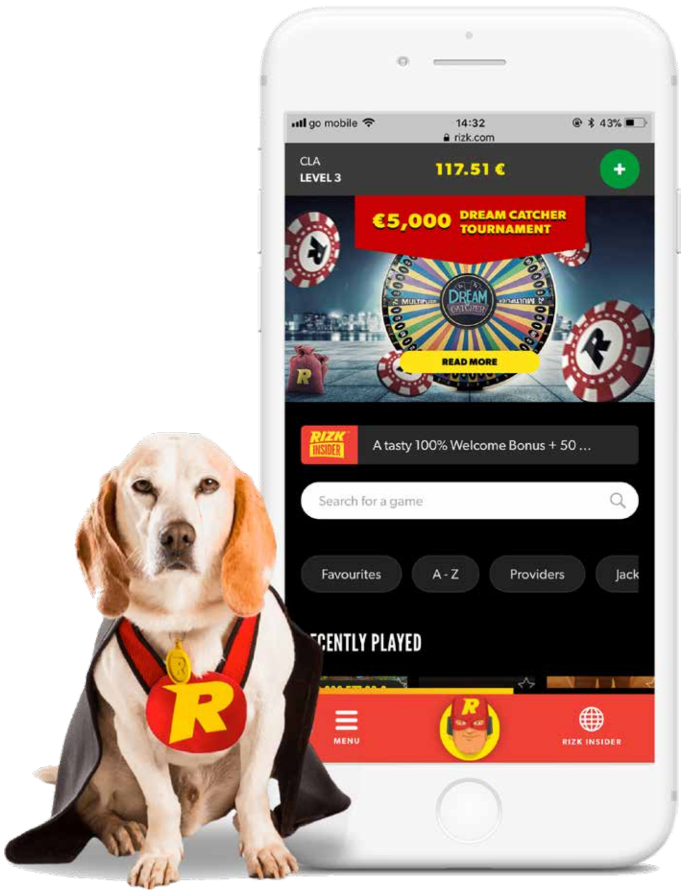
Guts.com was GiG’s first brand and offers casino games, sports betting and poker. The brand was launched in May 2013 on an external platform and migrated successfully to GiG Core in 2015. In December 2018, Guts launched an additional, more targeted and streamlined offering in Sweden, Finland and Germany called GutXPress, which is developed on the back of Trustly’s ‘Pay N Play’ payment and registration method. Guts was GiG’s second largest brand in 2018

Rizk.com launched in January 2016 and has rapidly become GiG’s largest brand, representing around 70% of revenues within the B2C vertical. The focus of this brand is “gamification”, providing an innovative user interface with the “Wheel of Rizk” by using personalisation, big data and algorithms to enhance the gaming experience. Rizk is operating in the Nordic market and is also targeting other regulated European markets.

In late 2017, GiG launched its brand **Highroller.com**, which is offering a casino experience with very personalised, interactive and gamified experience with community features, fully utilising the gamification and customer-specific capabilities in the Platform Services. Highroller.com launched in Sweden, Norway and Finland and has been live in the UK since January 2018.

The Gaming Operators vertical has invested heavily in up-front marketing over the last two years, mainly through TV campaigns. During 2018, a restructuring of the internal operators led to refocusing marketing campaigns to more efficient digital marketing channels such as affiliate marketing and paid media. This resulted in prioritisation of growth with fewer, stronger brands.

Through the acquisition of the Betit Group in 2016, GiG added operators SuperLenny.com, Thrills.com and Kaboo.com to its portfolio. In 2018, a strategic review resulted in changes in the B2C operations to focus on fewer and larger brands. It was decided to transform SuperLenny.com as an operator and the brand was relaunched as an affiliate site in January 2019 operating under GiG Media Services. The Rizk brand is the best performer of the in-house operators, representing around 70% of total B2C revenues in the fourth quarter 2018. Brands Thrills, Kaboo and Betspin will continue to operate in a similar form as in the second half of 2018, revenues are expected to be kept, or slowly reduce, from current levels until further action is taken. These brands mainly target the Nordic markets.



Our B2B Solutions

Platform Services

The technical platform, called GiG Core, is a cloud-based solution licensed in Malta, the UK, New Jersey (US) and Sweden. It is a player profile management system with integrated KYC tools to verify end users. This service consists of the technical foundation operators need in order to create a stable and secure platform. Any GiG solution can be accessed through the Platform, including third-party game suppliers, multiple payment options and additional features as shown below:

Payment gateway:

Supports an extensive selection of payment methods, e-wallets and access to local payment solutions.

Affiliate management system:

Creates, manages, tracks and analyses affiliate data and affiliate marketing programmes with GiG's fully adaptable system.

Responsible gaming tools:

Supports our customer to be compliant and to protect the end users.

Regulatory adaption engine:

Supports operators to speedily enter into regulated markets and new verticals.

Bonus management system:

Creates and manages a large variety of cross-product bonuses for both casino and sportsbook with no limitation.

Content management system:

Builds, manages and customises website content with great flexibility in terms of banners, FAQs, promotions and more.

Omnichannel

Seamless multi-channel shopping experiences

Offline ⟷ Online

- Shared wallet
- One-time registration
- Automatically converting offline players to online
- Shared loyalty programmes possible
- Withdrawal from online or offline

CRM and data segmentation:
Enables the operators to meet their KPIs for end user retention and equips them with CRM tools designed to increase customer retention.

Sports management:
Creates sporting events, handles risk management and manages tools impacting the event and sportsbook reports.

Extensive analytics:
Creates personalised insights into the customers' business areas such as affiliates, marketing, payments, risk, fraud and events.

Enhanced VIP and affiliate dashboard:
Monitors and provides instant information on the customers' VIP players and affiliates to boost their marketing strategy.

Rules engine:
Automates the user journey and front end experience, sends notifications to staff or interacts with other external systems.

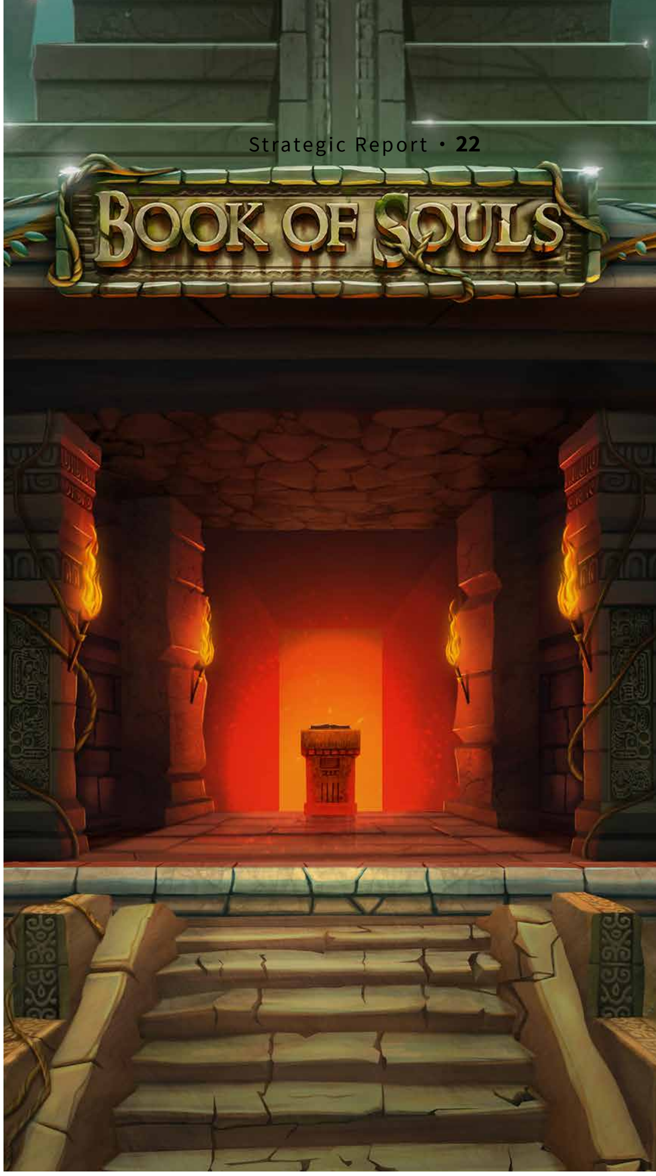
Near real-time reporting:
In a business where speed is a key element, the fast-loading data allows customers to make the best decisions based upon detailed reporting on accurate data.

Casino Services

GiG Games

GiG has developed a remote gaming server (RGS) and games engine. The RGS allows GiG to design, host and distribute in-house-developed games and third-party games to any operator, irrespective of whether they are integrated to GiG Core or using another technical platform.

A range of games is being developed, including table games such as blackjack and roulette, as well as slots. During 2018, two proprietary games were launched. In addition, GiG has developed a games engine on top of the remote gaming server, which allows us to rapidly produce innovative casino games such as table games and slots. These games are distributed and sold on a revenue share basis using the remote gaming server to any operator in the industry. There are currently three launched and a range of other games under development.



Sports betting services A fully hosted and managed sportsbook solution

With GiG's sportsbook solution, the customer can offer the end users a seamless betting experience, tailored to their brand on both offline or online channels. Its flexibility is unlimited, empowering the operator to individually tailor its front end look and feel, risk management, number of events and user experience, as well as odds and marketing features. Advanced mapping of individual player behaviour enhances the user experience and boosts the operator's targeting and marketing reach.

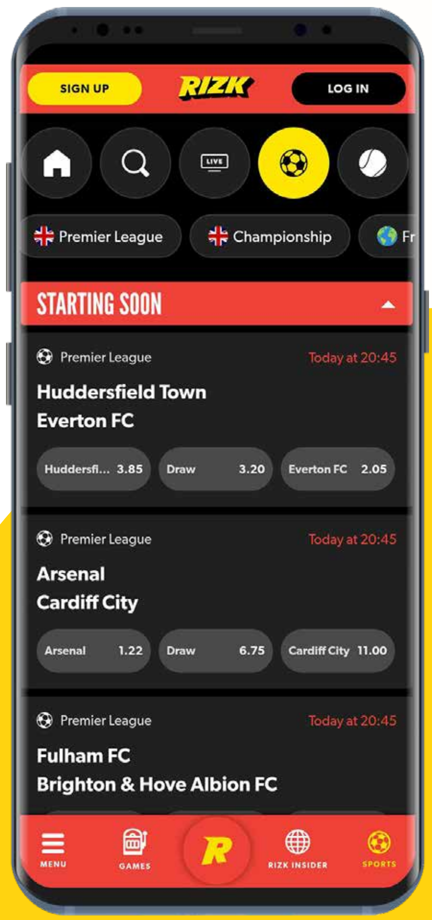
GiG's sportsbook is built on cutting-edge, multi-tenant and microservices-based architecture, yielding massive scalability and supreme performance at a low cost base. The sportsbook is sold stand-alone or integrated with GiG's casino and platform solutions.

An Omni-Channel Experience

GiG can deliver one seamless experience to operators and end users over a range of channels: offline via over-the-counter betting, betting terminals or online via mobile apps or desktop.

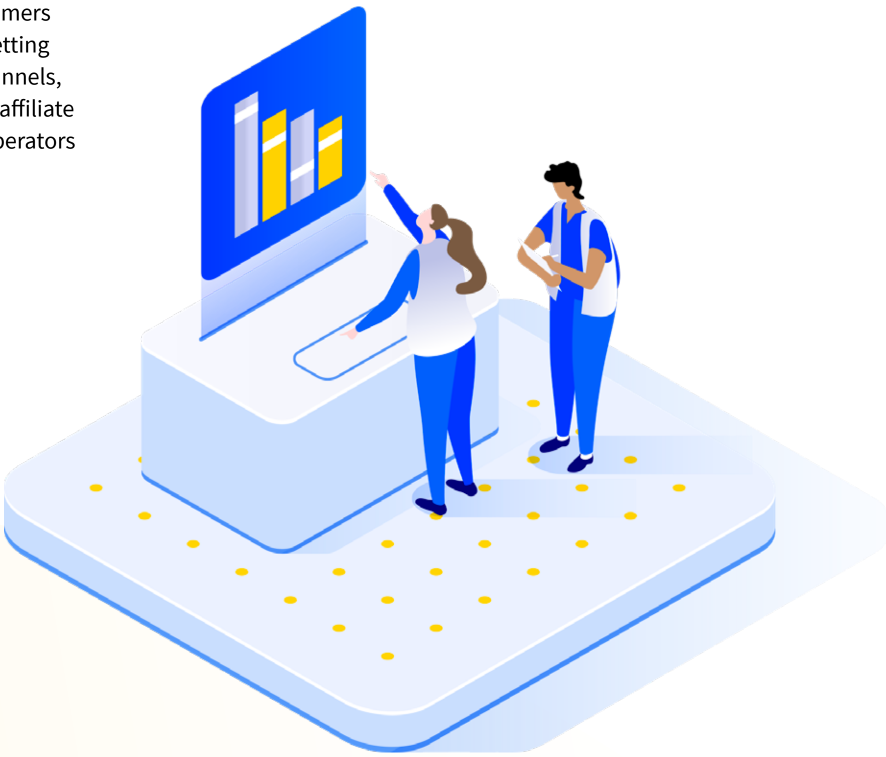
Increased Player Lifetime Value

User experience is everything. GiG offers intuitive navigation via a responsive, mobile first, front end solution and completely customisable self-service terminals. This is complemented with a learning recommendation engine for tailored marketing to promote acquisition and to help customers retain their end users for longer and to drive revenue.



Media Services A fully 360-degree digital marketing provider

GiG's Media Services is a lead generation and marketing provider for the iGaming industry. It supplies customers with high-value leads on a global reach, offering betting and casino guide publishing, online media buy channels, proprietary ad-tech and digital agency work. GiG's affiliate and paid media division is referring end users to operators from casino and sportsbook websites.



Digital Agency

By combining the success and skill sets in our ad-tech, publishing and paid media channels, the Media vertical has formed a digital agency. This provides operators with a partner with a proven track record who can scale up their digital marketing efforts, form a complete go-to-market digital strategy and facilitate a new brand's transition into competitive markets in iGaming.

Paid Media

Generates high-quality iGaming end user leads for our casino and sportsbook customers using the latest techniques and technology in social media, AdWords, permission marketing and display advertising.

Compliance Advertising Technology: GiG Comply

GiG's innovative, self-service B2B marketing compliance tool, GiG Comply, helps operators manage and monitor their marketing partners' online advertising message. The solution can be tailored to cover market-specific legislation and advertising standards. GiG Comply can scan over 25,000 web pages daily, ensuring our customers can protect their brand online.

Publishing

Manages a large portfolio of high-quality and content-rich casino and betting guide websites with a worldwide reach, published in more than 17 languages. Our sites allow end users to make well-informed decisions and guide paying end users to the highest ranked iGaming operators.

Managed Services

With a proven track record from our own operators, GiG understands iGaming and has the expertise and operational infrastructure to provide customers with everything they need to run an online casino or sportsbook.

Features

Front End Development

Turns operators' casino front end into a best-in-class user experience across all devices. GiG provides an extensive end user library, giving the operators a large amount of functionality where they can customise content, automate promotions and segment their database to target their end users with the right content at the right time.

Compliance Standards

GiG has the solutions to monitor and support our customers' compliance needs, such as advisory and monitoring services, PEP & Sanction, age verification, electronic ID, address verification and AML screening.

Payments

Reliable and robust payment gateway services manage the processing and reconciliation of payment transactions.

Product Management

GiG's Managed Services gives the customers time to focus on their business. GiG's pool of product specialists can manage the customers' portfolio of products and services, across all verticals, allowing our customers to focus fully on their end users and building their brand.

SUSTAINABILITY REPORT

Fair and Fun iGaming for All

We believe running a sustainable business is not only good for us and our customers; it is, in fact, best for our owners and all our stakeholders. We can only ensure long-term profitability by acting in a way that creates trust and loyal partnerships among all stakeholders; and we can only ensure our ability to take on long-term responsibilities by being profitable. For us, profitability and responsibility are not opposing forces; on the contrary, they are interdependent. We have a long-term perspective on our business, guided by our values. Sustainable success is a combination of the industry's attractiveness and the strength of our company's strategic position, determining our long-term performance.

GiG has invested significant energy and resources into developing its strategic intent and position. We have come a long way and realise our journey has just started and many things remain to be done. It is a continuous and evolving process. We are committed to being part of the solution we want to see and aim to work with the industry to combine efforts and address issues in a more powerful way. Our work is based on trust, respect and integrity. Our colleagues, customers, business partners and society share these expectations.

This year, we created our first sustainability report, which explains how GiG runs a sustainable business, our key focus areas and how to conduct our business in a responsible way for all stakeholders. Both as an online operator and software supplier providing online gambling platform and services, we support our customers to comply with technical, legislative and responsible marketing demands. GiG is a technology company and it comes naturally to support sustainability through investing in research and innovative technology.

Sustainable and long-term profitable growth is at the core of all aspects of our corporate strategy. We focus our sustainability strategy on areas most relevant to our business, at the heart of which is responsible gambling. This means offering customers and end users a full suite of solutions across the iGaming value chain while upholding strict rules to minimise harm caused by gambling; to prevent gambling from being a source of crime; and to ensure it is conducted in a fair and safe way. We value a close relationship with our customers, suppliers and end users which enables us to map out their wishes and needs and train our employees to work in a responsible manner.

Our Sustainability Goal

Markets

The Company operates in multiple markets and as a result, is subject to multiple legislations governing gambling. GiG aims to fully operate in regulated and near-regulated markets globally. Statutory frameworks aim to achieve an appropriate balance between regulatory requirements intended to reduce harm and the desirability of giving end users the freedom to choose how to spend their leisure time on entertainment related to gambling. Our role as a B2B provider and a B2C operator is to provide tools and advice to our customers and for the end users to be able to achieve this balance.

Player sustainability

GiG is building a sustainable business to provide a fair and safe gambling environment for its customers and all end users, adding long-term value to all stakeholders. The Company is investing in the legal, compliance and player safety teams. Sustainability is a major driver of the business strategy and GiG is working towards incorporating facets throughout the whole value chain of customer-facing and business operations in all aspects of the business. Both as an online operator and software supplier providing online gambling platform and services, GiG supports end users to comply with technical, legislative and responsible marketing demands.

We monitor customer accounts continuously and use data, reporting tools and transaction monitoring tools to identify playing patterns that may indicate problematic play, for example of people losing control. By adopting a duty of care we do not solely look at our risks; our primary focus is the player, whose wellbeing is at the heart of our operations. We interact with the player and suggest limits are set or advise the player to take a break. Where necessary we also recommend that a person consults a gambling help organisation and perhaps seeks treatment.

Collaboration

We collaborate with the industry to combine efforts in order to address issues in a more powerful way. Industry groups, non-governmental organisations, governments and community groups all play a valuable role in encouraging responsible gambling. We are working closely with peers and organisations to encourage a responsible attitude to gambling and to address gambling-related harm.

GiG has marked three priority areas in its social responsibility commitment within the sustainability strategy

Fair and Safe iGaming

Ensuring consumer protection, building trust in a fair and safe player environment.

Responsible gambling

GiG gambling operations are conducted in a sound and secure manner, with a high level of consumer protection. Our aim is to uphold social responsibility, minimise the risk of end users becoming addicted to gambling and finding themselves in financial and/or psychological trouble, and ensuring gambling is not used in connection with, or to support, criminal activity. GiG is entirely committed to protecting children and vulnerable people from being exposed to potential harm or exploitation from gambling. We believe gambling should be fair and fun at all times and want our end users to treat gambling as recreation and spend only what they can afford to risk. For some, it can be more difficult and therefore our operations adopt the best practices of responsible gambling and technical compliance.

Player safety team

GiG's operational practices include a dedicated team of player safety advisors who continuously monitor behaviour and customer chats and act upon alerts by interacting with those customers to ensure they receive support and advice. Our player safety advisors receive internal training in order to be able to recognise and respond to responsible gambling cases in a professional manner.

Preventing crime

GiG adopts a strict policy and does not accept any end users whose funds have emanated from ill-gotten means. This complies with all applicable obligations in relation to AML and KYC checks. We have tools to identify all end users and to verify data once specific transaction activity is detected or defined thresholds are met. One of the main drivers is to protect our operation from fraudulent transactions. The other is to prevent end users from being able to launder money using our services.

IT security

At GiG, the confidentiality, availability and integrity of our customer and employee information is of the utmost importance. We maintain a rigorous, risk-based information security programme aligned with our business strategy and objectives.

Data and privacy protection

Our internal controls framework is a direct result of continuous risk management processes, which take into consideration our business operations, as well as the external environment in which GiG operates. Protective, detective and reactive controls have been put into place to mitigate risk to our end users' information, as well as our customers' client base.

ISO certification

GiG's information security processes are regularly tested by independent auditors, to meet regulatory and compliance requirements and make sure controls are working as required to mitigate risk. In 2018, such information security processes were tested against the highest international standards set down by the International Organization for Standardization via an ISO 27001:2013 audit.

Responsible Marketing and Advertising

GiG conducts marketing and advertising in a responsible and transparent way in accordance with regulation and requirements on promotional and marketing communications in every local market where we have a licence, stipulated by the UKGC, MGA, Spelinspektionen, Swedish Gambling Act, ASA, and the Competition and Markets Authority (CMA). We act in accordance with licence conditions and codes of practice linked to the fair and open licensing objective, stating that all marketing advertising of gambling products and services are undertaken in a socially responsible manner. GiG highly values transparency in its marketing advertisement communications and informs the end user in clear and plain language of the full terms and conditions displayed prominently within the main body of an advert or within one click from the advert in the case of genuinely limited space.

Prevention of advertising with appeal to children and young persons

Marketing and advertising communications are not aimed at or should not appeal to children and persons younger than 18 (or any other illegal age for gambling in any jurisdiction GiG operates) and should carry appropriate warnings about underage gambling. On our responsible gambling pages we offer information on various protection tools which parents and guardians can implement to prevent underage gambling. For example, we promote the use of CYBERsitter, a filtering software allowing parents to add sites they would like to block.

Marketing compliance clearance

The marketing compliance team is well integrated with the marketing teams and provides guidelines which are to be followed so our marketing is responsible and meets the regulatory standards of moderation. In addition, the compliance team carries out an oversight function to ensure that published marketing material follows internal guidelines and policies.

Affiliate compliance

We built a compliance tool called GiG Comply in response to operators' need to improve compliance oversight and responsible gambling. This monitoring service is designed to further strengthen marketers' control over third-party advertising and brand protection. GiG Comply drives responsible gambling by providing improved visibility of where and how brands are being advertised. The service helps protect them from being promoted on websites which are not brand-safe or compliant. It also protects from misleading advertising in their name and helps operators to adhere to complex advertising standards in the different regulated markets.

“We encourage employees to be the best version of themselves.”

Our People

At GiG we put the employees at the heart of our business. Great people make great stuff and we want to inspire our people to be the best version of themselves.

In 2018 the Company went through extensive strategic changes which put all departments under the same umbrella in order to promote a lean and efficient organisation.
At the same time, we have invested in creating inspiring office environments where employees can collaborate as a team and grow as individuals.

Encourage Employees to Thrive

Training and development

GiG provides accelerated learning and development programmes to push careers into the most important fields of our business, supporting a creative and collaborative work environment. We continuously focus on the personal development of every employee by offering educational programmes and courses. We developed GiG Academy, an online training portal providing a wealth of interactive online courses and learning modules for all sectors of our business. The Responsible Gambling module, Anti-Money Laundering module and Information Security training are mandatory for all employees. GiG has a dedicated training team to update and launch new courses on GiG Academy, providing classroom training via webinar sessions.

Transparency and alignment

We believe in shared, clear and challenging goals aimed at guiding employees towards contributing to the overall success of the organisation. GiG has implemented a performance management system based on monitoring OKRs. Aspiring to GiG's strategic intent, this allows each department and employee to contribute to the company strategy.

Whistleblowing Policy

All employees must feel comfortable in reporting activities that may be unlawful, lead to incorrect financial reporting or raise questions about the integrity of management, without any fear of retaliation. Therefore, employees, consultants and representatives are encouraged to report suspected or known violations of the Code of Conduct, any violation of law or company policy, or health and safety concerns through the reporting channels laid down in the Whistleblowing Policy.

"We built an online Academy to inform and train our people on best practice."

19
courses available on GiG Academy

3,936
training hours spent at the GiG Academy

379
classroom training courses given

Auditorium at the heart of GiG's head office for people to attend workshops or practice communication and presentation skills.

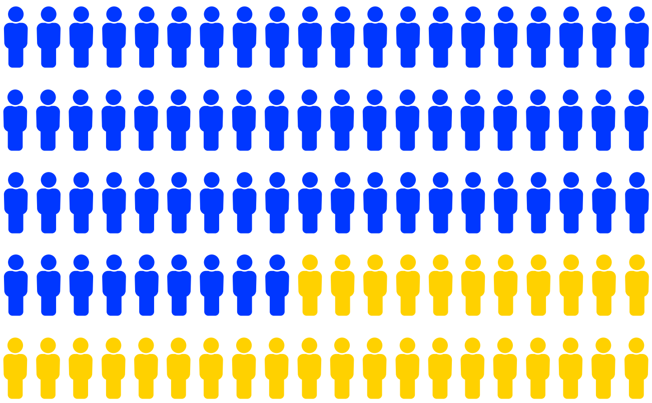
Family friendly measures across all our offices

GiG is committed to supporting parenthood and offers one of the most progressive leave entitlements of its kind in the industry for southern European countries. Fathers (biological and adoptive), husbands, civil partners and partners of either sex who live with the mother or adopter in an enduring family relationship are entitled to 30 days' paid paternity leave. We find it essential to provide an attractive and inspiring work environment that will enhance employees' performance and wellbeing at the workplace. Our ways of working and flexible environment allow us to adapt to the ever-changing world.

Diversity and inclusivity

GiG is fully committed to being an equal opportunities employer and is opposed to all forms of unlawful and unfair discrimination. We accept nothing less than an atmosphere where everyone can be the best version of themselves, with equal access to opportunities. GiG promotes a positive, dynamic and sustainable way of working, which directly impacts upon everyone we deal with. We stand for diversity and respect every person's uniqueness, regardless of gender, nationality, ethnicity, religion, age, sexual orientation, disability or personality.

We believe more diverse teams and an inclusive environment boosts engagement, innovation and performance, enriching our business and our culture. GiG welcomes, values and encourages employees who are seeking to reach their highest potential.

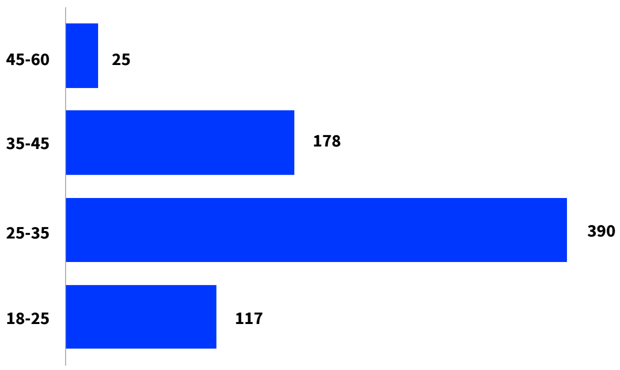


TOTAL EMPLOYEES: 710

Male: 69%

Female: 31%

BREAKDOWN BY AGE-BRACKET:



45 DIFFERENT NATIONALITIES

135 MANAGERS

8 EXECUTIVE MANAGERS

6 BOARD DIRECTORS

The full Sustainability Report is available on the Company website: www.gig.com

RISKS

Risk Factors

Financial

The continuation of the Company as a going concern is dependent on its ability to generate revenues and profits from its operations and its ability to raise sufficient funding to meet any short-term needs. There is no assurance that the Company will continue to be profitable in the future, which could obstruct the raising of new capital, if necessary.

Competition

The Company faces competition from current competitors, as well as potential new competitors, which could result in loss of market share and diminished profits for its operations. The Company's main markets are characterised by technological advances, changes in customer requirements and frequent new product introductions and improvements. The Company's future success will depend mainly on its ability to enhance its current products, to maintain relations with existing and new providers, as well as a positive cash flow, and to develop and introduce new products, services and solutions. In addition, there is risk associated with the marketing and sale of new products.

Regulation

Gaming Innovation Group Inc. is a holding company and does not conduct any operations itself. Through its subsidiaries, GiG is active in a highly-regulated online gaming market. Depending on the regulatory structure of a given jurisdiction, GiG may require licences to offer its various services. Obtaining and maintaining such licences is therefore essential to the achievement of commercial success for GiG. Any changes in regulations, changes in law or other political decisions in the jurisdictions where the Company operates, may have a positive or negative effect on its operations.

B2C

GiG conducts B2C (Business-to-Consumer) activities through its group-owned brands of online gaming websites. The websites are licensed and regulated by the Malta Gaming Authority (MGA) for end users everywhere, except by the United Kingdom Gambling Commission (UKGC) for end users in the UK and by Lotteriinspektionen for end users in Sweden. MGA licences cover all product lines (casino, sports betting, poker), whereas the UKGC and Lotteriinspektionen cover only online casino and sports betting. For various commercial and/or legal/regulatory reasons, GiG has also restricted the availability of all or some of its products in some countries.

B2B

GiG conducts B2B (Business-to-Business) activities through the offer of its in-house-developed online gaming platform software, GiG Core. The software has been certified as compliant with the Remote Gaming Regulations of Malta and by the Division of Gaming Enforcement (DGE) in New Jersey in the US. According to UK laws and regulations, a company which manufactures, supplies, installs or adapts gambling software (such as GiG Core) used in connection with remote gambling, must have a remote gambling software licence. GiG has such a licence and is therefore able to supply gambling software to UKGC-licensed B2C operators. Some of the B2B activities carried out by GiG involve the provision of white label services, whereby customers of GiG Core would also conduct their own gaming activities in reliance of licences held by GiG. While contractual arrangements are in place to limit liability, indemnities have been received in case of any breaches which singly relate to one B2B customer. Ultimately the responsibility is with GiG.

Affiliate marketing

GiG conducts affiliate marketing activities, by directing internet users to online gaming websites through various group-owned websites. Affiliate marketing business is currently not subject to specific gaming laws and regulations in most markets where GiG is active; it is only in the US market where a licensing regime is in place. GiG has a vendor registration in the state of New Jersey, US, enabling the company to send traffic to regulated casinos and sportsbooks whitin the state. It is possible other states and countries will extend the scope of gaming laws and regulations to cover this type of business in the future. The affiliate business generates most of its revenues from users received from internet searches and any changes in the way internet searches are regulated or carried out may impact this activity.

IT systems

GiG is dependent on the stability of its IT systems. Failure can have an adverse effect on the business and financial performance. There are systems put in place to detect and prevent adverse effects should they occur. GiG operates in a tightly regulated environment and regulators in certain regulated markets have recently increased their supervisory activities, especially in the areas of social responsibility, anti-money laundering and marketing compliance. GiG has witnessed several competing operators active within the same markets, and adopting common systems and procedures formerly prevalent within the industry become subject to sanctions due to regulatory failings. While GiG has been working closely with expert advisors in order to upgrade its systems and procedures to achieve compliance, given the high standard and expectations of regulators GiG cannot be certain it will not be subject to regulatory sanctions.

Currency

The Company is exposed to exchange rate fluctuations, with revenues and operating expenses divided primarily between EUR, NOK, SEK, GBP, NZD, AUD and USD.

Key personnel

The Company is dependent on the ability of key personnel such as the Board of Directors, the CEO, the rest of the management team and other key individuals to perform relevant duties. If they are unable to continue fulfilling their duties, or were to resign, this might have an adverse effect on the Company's reputation and financial performance. See also description of risk factors in note 4.

THE SHARE

Since 2015, Gaming Innovation Group Inc. (GiG) has been listed on the Oslo Børs (Oslo stock exchange) main market with the ticker symbol: "GIG". The share is from 26 March 2019 dual listed on Nasdaq Stockholm main list with the ticker symbol: "GIGSEK".

Industry Oslo Børs: Electronic Equipment Manufacturers
Industry Nasdaq Stockholm: Technology
ISIN code is: US36467X2062

As at 31 December 2018 GiG had a total number of issued shares of 90,005,626; all shares carry one vote.

Share price development

Opening share price on 2 January 2018 was NOK 49.30. Closing price on 28 December 2018 was NOK 22.90, corresponding to a market capitalisation of NOK 2.06 million. Highest closing price was NOK 63.70 on 16 and 19 March and the lowest closing price was NOK 22.60 on 27 December. The highest traded share price in 2018 was NOK 63.70 and the lowest traded share price was NOK 22.00.

Shareholder	Shares	Percent
Bryggen Holding AS	11,817,839	13,1 %
Swedbank Robur Ny Teknik	8,300,000	9,2 %
Super Innovative Limited	6,446,427	7,2 %
Henrik Persson Ekdahl	4,522,582	5,0 %
Andre Lavold	4,522,582	5,0 %
Hans Michael Hansen	4,360,445	4,8 %
Frode Fagerli	3,603,266	4,0 %
Avanza Bank AB nom.	2,570,233	2,9 %
Nordnet Bank AB nom.	2,046,556	2,3 %
Ben Clemes	1,882,146	2,1 %
CMM Invest AS	1,752,467	1,9 %
Anders Berntsen	1,714,271	1,9 %
Digeelva Invest AS	1,614,028	1,8 %
Fondita Nordic Micro Cap	1,500,000	1,7 %
Stenshagen Invest AS	1,483,500	1,6 %
G.F. Invest AS	1,400,000	1,6 %
Saxo Bank A/S nom.	1,156,815	1,3 %
Svenska Handelsbanken nom.	1,089,791	1,2 %
Carnegie Investment nom.	1,078,670	1,2 %
Myrlid AS	1,000,000	1,1 %
Total shares owned by the 20 largest	**63,861,618**	**71.0 %**
Other	26,144,008	29.0 %
Total issued shares	**90,005,626**	**100.0 %**

WORDS FROM THE CHAIRMAN

One thing we know for sure is consumers will always gamble and enjoy themselves. However, the way we gamble will be driven by a mix of technology, market dynamics and political will.

If we look at the latest form of gambling we can see a very dynamic development over the last 20 years driven by the modern form of the internet and the emergence of e-commerce. I think we are now in the Second and Third waves of how technology, market dynamics and political will is transforming the landscape yet again.

The Second Wave

When politicians and regulators across the world realise they will make more money by regulating and controlling the market, this will continue to drive a continued re-regulation with some exceptions concerning cultural habits and traditions. In country after country we see that online gambling is being re-regulated, increasing the entry barriers for the numbers of brands a market can profitably sustain. Michael Porter (The Porter Curve) best describes what will most likely happen: either you become a generalist, with a wide offer and marketing to reach a top three position, or you focus on a niche with a very lean cost base to become profitable. This will of course lead to consolidation and healthier, more sustainable markets in the best interest of the society, consumers, regulators and operators.

The Third Wave

When markets do re-regulate this will trigger and open up to a new group of entrants who sit on valuable assets such as brands, databases and/or media assets. With a new omni-channel approach this can become a very valuable new revenue stream to existing businesses with a healthy conversion from incremental revenue to profits in a more predictable and regulated environment.

The Gaming Innovation Group

GiG is perfectly positioned to benefit and add substantial value in the Second and Third wave context that we are entering. In the Second wave GiG adds value by offering a full technology and product stack in newly, or about to be, regulated markets (such as Sweden, Spain, New Jersey) for brands and operators who need to be more efficient, given higher gaming taxes technology requirements, competition etc.

In the Third wave, GiG is able to fast-forward strong Brands, Media and Brick and mortar operators a fast track to a world-class online offer with omni-channel capabilities and CRM engines (Hard Rock International as an example).

GiG has, in 2018, already proved it can operate and innovate very well in this complex and emerging market place.

Together with our talented teams, our listing at NASDAQ Stockholm, our existing and future customers, I am looking forward to creating value in this exciting new era for Gaming Innovation Group.

Sincerely,

Petter Nylander
Chairman of the Board of Directors

BOARD OF DIRECTORS' REPORT

Description of the Business

Gaming Innovation Group ("GiG" or the "Company") is headquartered in Malta. The parent in the group, Gaming Innovation Group Inc., is a US corporation incorporated in the state of Delaware, US and listed on the Oslo Stock Exchange with the ticker symbol "GiG" and at NASDAQ Stockholm from March 2019 with the ticker symbol "GiGSEK". The Company is working towards a vision of opening up iGaming, in order to make the industry fair and fun for all. To reach this vision, GiG uses its own proprietary technology and products, replacing it with an open and connected ecosystem of products, services and solutions benefiting end users, suppliers and operators alike. This model is unique and is enabling a range of synergies, scale opportunities and improved margins for all. GiG will capitalise on this unique positioning and opportunity by investing for growth.

The Company's operations are divided into two segments across different iGaming business areas:

Business-to-Business (B2B):

- Media Services - Digital Marketing Services
- Platform Services - Cloud Based Services called GiG
- Core, including Casino Services and GiG Games
- Sports Betting Services

Business-to-Consumer (B2C):

- Gaming Operators – seven in-house brands in 2018, six brands from January 2019.

GiG uses its proprietary technology and products

B2B Media Services refers traffic across casino, poker and sports betting, mainly by operating websites which rank high in search results for specific keywords and pay per click advertising. The vision is to improve the touch-points where people are finding iGaming online. This is done by highlighting educational, informational and valuable content about the industry online and by promoting best-of-breed games, operators and offerings through web portals. Media Services' revenues are generated through share of perpetual revenue share agreements, cost per acquisition (CPA), or a combination of these (hybrid). Media Services serves both the Company's own brands and customers on the Platform Services, as well as external operators. Affiliate marketing has solid margins and economies of scale. Adding networks to GiG's operations achieves synergies through an overall strengthening of the SEO network as well as obtaining better margins. In terms of traffic driving capability, GiG's Media Services is a leading affiliate in the Nordics.

B2B Platform Services (GiG Core) is an open cloud-based platform, offering the full range of services needed for an iGaming operator. Platform Services' vision is to make the iGaming industry lean. The platform is integrating application developers such as game providers, who can access an ecosystem of operators through a single integration. The operator can utilise open APIs to connect its front end website and CMS to the system and gain access to all the game service providers (GSPs), payment service providers (PSPs) and ancillary services including live chat, email systems, affiliate systems and CRM. Platform Services gives operators access to more than 3,000 casino games from industry-leading suppliers, including a large catalogue of the most renowned mobile games and proprietary games from GiG's own games studio, all being controlled by an innovative back office. All features and functionality are offered as a Software as a Service (SaaS). The platform itself is fully scalable both horizontally and vertically with individual modules being scalable in anticipation of increased load.

Platform Services was launched in January 2015, with GiG's own brands Betspin and Guts being the first brands operating on the platform, followed by the first external customer in September 2015. More than 40 brands have been signed to the platform since launch and at the end of 2018, 39 brands operated on the platform. These operators represent a wide array from start-ups to Tier 1 operators. GiG has strategically positioned itself towards larger and more complex operators where the Company can support an operator across all the major parts of the iGaming value chain, including offering a seamless omni-channel solution from retail to online.

B2B Sports Betting Services. GiG built the new sportsbook on completely new technology, the platform, the trading tools and the front end, making it as fast and responsive as is possible. It is a multi-tenant system which gives scalability, speed to market and simplifies B2B management. It gives operators the freedom to take control of their offer, choose their odds, margins and limits for every sporting event and market, without being dependent on their supplier.

Three different products are offered as stand-alone modules or together as a complete solution: GiG Sports Connect, a proprietary odds feed combined with an odds aggregation system, creating scalability and flexibility for the operators; GiG Trader, a new set of intelligent trading tools built with GiG's in-house knowledge, created by traders for traders; and GiG Goal, the intelligent middleware and mobile first front end solution built to enhance mobile users' betting experiences, features intuitive front end learnings for every element of user behaviour and ease of navigation.

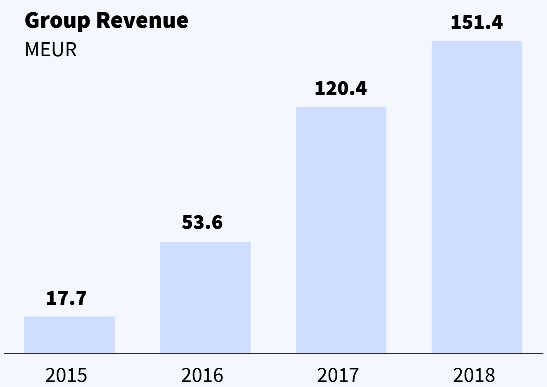
By offering its own games and odds, GiG can drive disruption in the marketplace, capture an even larger part of the customers' wallet and reach a larger demography of both B2B and B2C customers.

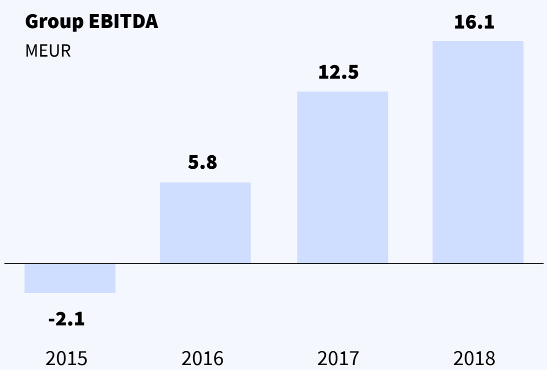
B2C Gaming Operators GiG offers Business-to-Consumer (B2C) casino and sports betting services through six in-house brands, all using GiG's Platform Services and operating on GiG's own licences from the Malta Gaming Authorities (MGA), the United Kingdom Gambling Commission (UKGC) and from Spelinspektionen in Sweden. GiG also has a sports betting licence in the state of Schleswig-Holstein in Germany and has applied for a Spanish licence. GiG's operators have a vision to deliver the best user experience in the industry in a safe, trusted and responsible manner by offering a supreme customer service, innovative and immersive user interfaces and tracking tools, and player safety analysts to promote responsible gaming.

The six brands are: Guts.com, Betspin.com, Rizk.com, Kaboo.com, Thrills.com and Highroller.com. Previous brand SuperLenny was transformed to an affiliate brand with the same name in January 2019. The best-performing brand, Rizk.com, was launched into the central European market in late Q3 2017. This has become the Company's fastest-growing market in terms of both new customers and NGR (Revenue). Rizk was, in 2018, in time for the FIFA World Cup in June, the first brand to launch GiG's new sportsbook, powered by GiG.

Operational Performance

GiG continued its growth in 2018, with revenue growing by 26% to EUR 151.4 million with a 12% adjusted EBITDA margin. The Company made progress within all its business areas and focused on continued development of its existing products as well as developing new products to enhance the Company's offering. The Board of Directors is satisfied with the performance and sees the Company as well positioned for further growth in 2019 and beyond.





B2B Media Services

Revenues for Media Services were EUR 34.1 million in 2018, a 53% increase over EUR 22.3 million in 2017. Organic growth was 7% from 2017 to 2018. 68% of revenues in 2018 came from revenue share (72% in 2017), 14% from CPA (19%) and 18% from listing fees (9%).

Media Services' paid services trended somewhat lower at the end of 2018 compared to earlier in the year due to lower revenues generated by key customers. Tighter regulation and compliance in the UK have impacted player value, such as the KYC (Know Your Customer) process and source of wealth requirements and, as such, directly impacted deposits in the quarter. GiG expects this trend to reverse as the end users get accustomed to the aforementioned processes.

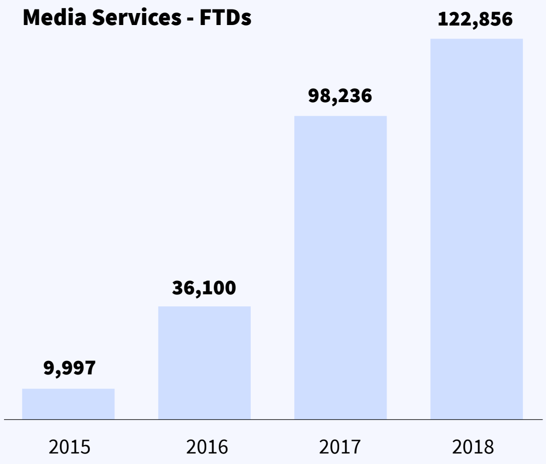
Preparations and investments are being made to ensure when new markets regulate and channels open up, such as in Sweden and the US, further opportunities can be realised.

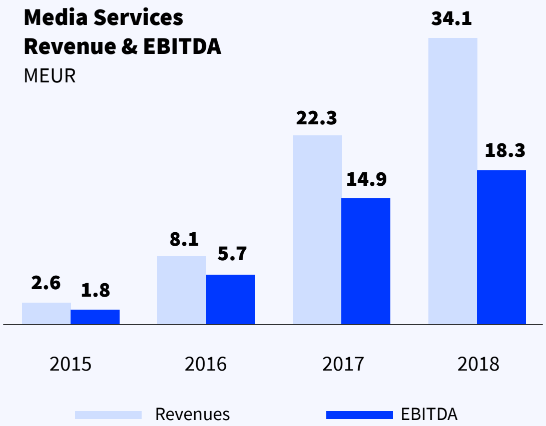
EBITDA for Media Services was EUR 18.3 million in 2018 with an EBITDA margin of 54%, compared to EUR 14.9 million (67%) in 2017. The decline in the EBITDA margin is partly explained by the paid media business acquired in September 2017 which has expenses related to purchase of media space which are standard for paid digital marketing channels. Media has also invested in employees to ensure sustainability and growth for the future.

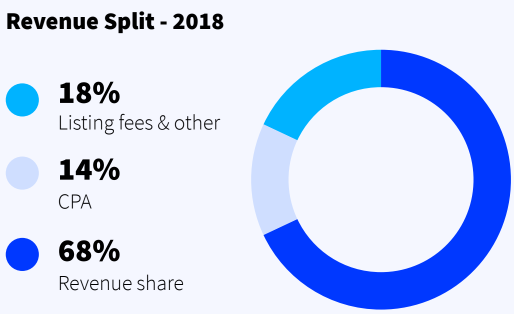
Media referred 122,856 new FTDs to operators in 2018, a 25% increase from 98,236 in 2017. Of the new FTDs referred in 2018, 7% was referred to GiG's own brands compared to 15% in 2017, 8% to GiG Core customers (16% in 2017) and the remaining 85% to other operators (69% in 2017). The increase in FTDs referred to external customers was due to a better competitive landscape for external traffic in 2018, coupled with an acceleration in sportsbook customer acquisition prior to the FIFA World Cup in June.

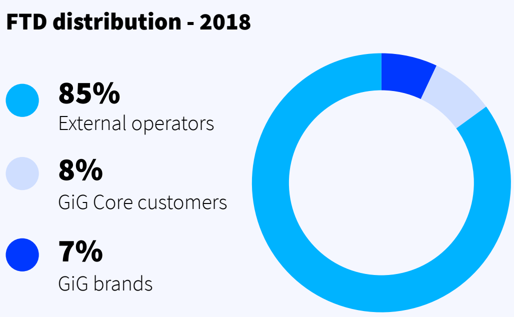
Media Services has purchased affiliate networks through bolt-on acquisitions during the past few years. Five affiliate networks were acquired in 2015 and 2016, with another four in 2017 and none in 2018. In 2017, paid media was added to the services through the acquisition of the technology-driven Danish performance marketing company Rebel Penguin. Preparations and investments are being made to ensure when new markets regulate and channels open up, further opportunities can be realised.

GiG Comply is a new compliance tool which is based on proprietary technology. The tool monitors advertising partners towards regulatory bodies to ensure compliance. GiG Comply was launched and sold as a B2B product to external operators from the third quarter 2018.









The acquisitions completed by Media Services in previous years resulted in an amortisation expense of EUR 9.8 million in 2018, up from EUR 9.4 million in 2017. EBIT for GiG Media was EUR 8.1 million in 2018 with an EBIT margin of 24%, compared to EUR 5.5 million (25%) in 2017.

In 2018, GiG decided to move all advertising from Dutch facing affiliate websites in preparation for a regulated market. Correcting for the Dutch market, organic revenue growth was 14%.

B2B Platform Services

Revenues for Platform Services were EUR 27.2 million in 2018, a 29% increase over EUR 21.0 million in 2017. All growth was organic. With effect from January 2018, GiG converted one GiG Core customer to a flat fee structure. At the same time, the fees paid by its internal brands were adjusted to reflect current standard market rates, to support the long-term revenue and earnings growth of its operators by the application of increased economies of scale. In order to support long-term revenue and earnings growth of its operators and the use of increased economies of scale, GiG lowered fees paid by the operators in the beginning of 2018.

GiG's increased focus on regulated and soon-to-be regulated markets has, as a consequence, led to the decision to terminate one customer on the Core platform in 2018. This will result in a short-term negative revenue impact in GiG Core from the first quarter of 2019, which is expected to be offset by growth coming from new customers on the platform.

EBITDA for Platform Services in 2018 was EUR 5.1 million with an EBITDA margin of 19%, compared to EUR 10.0 million (47% margin) in 2017. Total database transactions were 19.1 billion in 2018, a 54% increase from 12.4 billion in 2017, reflecting the rapidly increasing overall activity in GiG's ecosystem. The EBITDA margin dropped as a consequence of up-front costs related to the development of the website for GiG's partner Hard Rock International, including the New Jersey Division of Gaming Enforcement certification. Included is a EUR 0.7 million accrual for a potential fine from the UK Gambling Commission related to white labels operations in previous years.

GiG Magic signed agreements to design, develop and host the front end websites for three external operators during 2018: Dunder, Rolla and Hard Rock International in addition to GiG's internal operators Kaboo and Thrills. The development work was delivered at cost, impacting EBITDA.

Effective from January 2018, GiG's front end solution, GiG Magic, was transferred from B2C to Platform Services.

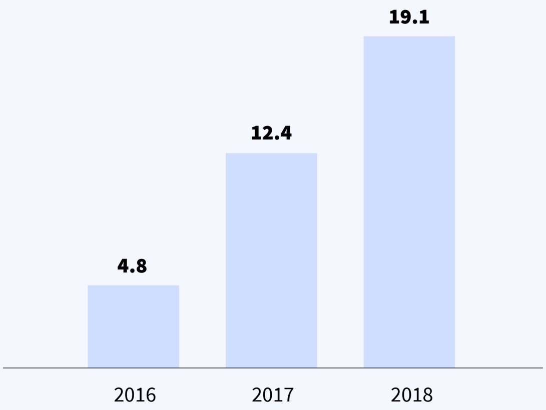
Previously, GiG Magic was the front end design tool for the internal Betit brands and was, in 2018, developed into a B2B front end solution sold to external operators.

GiG started its new Sports Betting Services in the second quarter and, effective from April, sports-related revenues have been allocated from Core to Sports Betting Services. Platform Services had its largest breakthrough to date when winning the highly competitive tender of Hard Rock International in October 2017, with the final agreement signed in February 2018. In conjunction with this partnership, GiG reached a milestone by entering the US market and obtaining a licence in the regulated state of New Jersey. GiG supplies the global mega brand with both GiG Core, GiG Magic (GiG's front end solution) and its omnichannel Sports Betting Solutions at Hard Rock's newly refurbished resort and casino in Atlantic City, New Jersey. The signing of Hard Rock International is in line with GiG's communicated strategy of utilising the scalability of the platform to attract larger customers and to enter new regulated markets.

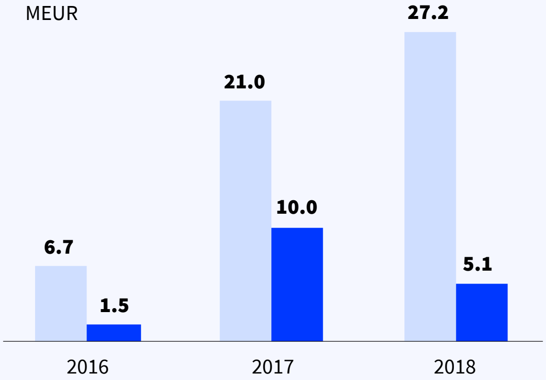
Seven new brands signed for the platform in 2018, with one additional brand to date in 2019. Six brands discontinued operations in 2018 and GiG's own brand, SuperLenny, discontinued its operations and was converted into an affiliate site in January 2019. Four brands are currently in the pipeline, whereof three of these are expected to go live in 1H 2019. Existing live customers and the signed pipeline adds up to a total of 39 brands operating on the platform, including GiG's six own brands.

Development of the platform and integration of customers incurs significant operational expenses. In the opinion of the Board of Directors, it is important to focus resources on enhancing the platform to keep up with market expectations and to expand the customer base with larger partners and strong brands to secure sustainable and strong revenue generation going forward.

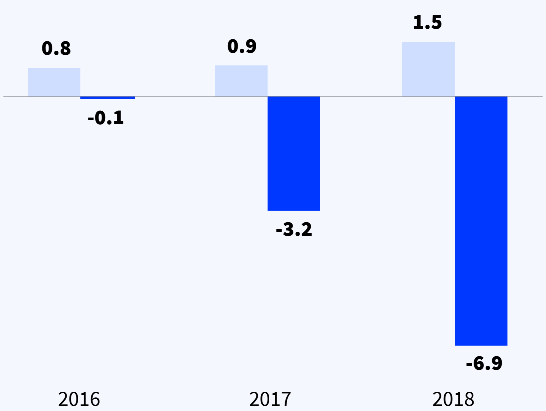
Database transactions (bn)



Platform Services Revenue & EBITDA
MEUR



Sports Betting Services Revenue & EBITDA
MEUR



B2B Sports Betting Services

Revenues for Sports Betting Services were EUR 1.5 million in 2018, an increase of 67% over EUR 0.9 million in 2017, mainly as a result of the launch of the new sportsbook in 2018. The new sportsbook was launched on internal brands from June and sold to five external brands from August in 2018.

EBITDA was EUR -6.9 (-3.2) million. The negative EBITDA relates to the investments in technology and people to build the proprietary sports betting services and the preparation for the launch of the new B2B sportsbook in the second quarter 2018.

After two years of internal development, the monetisation of the new sports services marks an important milestone for GiG. Investments in building and perfecting a competitive sportsbook for both internal and external brands will continue, which will see investments in resource to continue at the same pace as in 2018 in the near to mid term.

In October 2018, GiG ceased the in-house trading against other bookmakers' activity as the possibility to place large bets in the market was unfavourable and thus resources were shifted to further strengthen the B2B offering. This proprietary trading was mainly used as a testbed and quality assurance when building the new Sports Betting Services in order to focus traders and odds experts into the future-oriented B2B service. Hence, there will be limited profits or losses from this activity going forward compared to recent quarters.

Sports Betting Services is offered as a full B2B solution and sports-related revenue from existing customers was shifted from Platform Services to the Sports Betting Services vertical effective from the second quarter 2018 and with an addition from the signing of external customers in the second half of 2018. These revenues were included in Platform Services with EUR 0.2 million in the fourth quarter 2017.

On 30 January 2019, GiG signed a sportsbook agreement with its partner Hard Rock International to deliver a seamless experience for their end users with an omnichannel solution. Players can with this service place bets online and on the mobile app within the US state of New Jersey, and in person on the casino floor at Hard Rock Hotel & Casino Atlantic City. The sportsbook was launched in early February, in time for Super Bowl LIII, one of the world's largest sporting events.

New Jersey was the first state in the US to open up a sports betting market following the Supreme Court's decision in 2018 to repeal the federal ban on sports betting. Since the first bet was placed in July last year, the market has quickly grown to a value of USD 21 million per month with around 70% being online. There are currently eight licensed operators competing in the state of New Jersey.

B2C Gaming Operators

The B2C segment includes GiG's in-house gaming operators: Rizk. com, Betspin.com, Guts.com (gutsXpress.com), Kaboo. com, Thrills.com, Highroller.com and SuperLenny. com.

Revenues for the B2C segment were EUR 99.8 million in 2018, a 16% increase from EUR 86.0 million in 2017. 46% of revenues came from regulated and near-regulated markets, compared to 50% in 2017. Revenues were split with 72% from the Nordics (69%), 5% (11%) from Western Europe, 18% (10%) from Central Europe and the balance, 5% (10%) from non-core markets. The B2C business had margins of [3.61]% in casino and [8.0]% in sports betting in 2017, compared with 3.58% for casino and 7.2% for sports betting in 2017. Betting duties were 5.1% of Gaming Operators' revenues in 2018 and 3.5% in 2017.

EBITDA was EUR 1.4 million in 2018, adjusted for a EUR 1.9 million allowance for a potential fine from the UK Gambling Commission, an improvement from EUR -9.0 million in 2017. Q1 2018 was the first profitable quarter for B2C following investment to reach competitive scale. The main reason for the improvement was flat marketing expenses in relation to increasing revenues.

Total deposits were EUR 429 million in 2018, up 22% from EUR 352 million in 2017.

GiG continued with heavy up-front marketing investments at the start of 2018, with a temporary increase in TV advertising this quarter due to the launch of the new sportsbook ahead of the FIFA World Cup. The total B2C marketing expense was EUR 46.1 million in 2018, equal to 46% of B2C revenues. In 2017, marketing expenses were EUR 48.8 million or 57% of revenues. EUR 14.7 million or 32% of the marketing expense was related to revenue share agreements (EUR 17.1 million or 35% in 2017), with the balance attributable to up-front payments including TV campaigns.

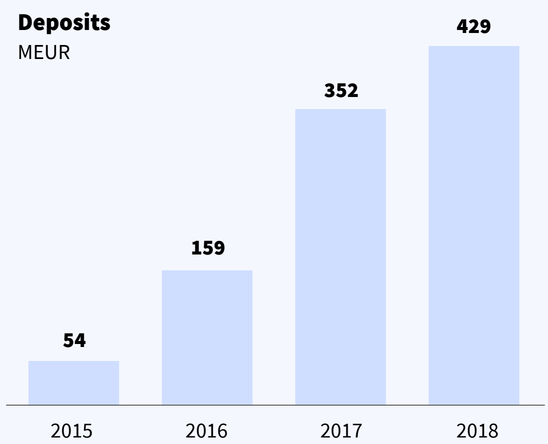
Up-front marketing investments decreased in the fourth quarter of 2018. The decrease is a result of initiatives taken to change the mix in marketing from TV advertising to affiliate marketing and social media.

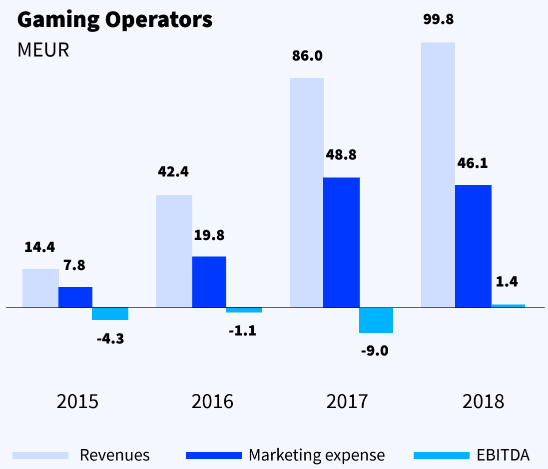
Success as a gaming operator going forward will be dependent on the competitiveness in user experience, marketing efficiency and sustainability model. In 2018, GiG operated seven in-house brands. To focus these efforts, the Company has increasingly focused on fewer brands throughout 2018.

Strategic measures in the B2C vertical focusing on fewer brands, resulted in a non-cash impairment of EUR 13.7 million taken in Q4 related to the brands: Betspin, Thrills, Kaboo and SuperLenny (see Note 5). Thus, EBIT ended at EUR -13.3 (2.6) million in the fourth quarter 2018.

The Rizk brand is the best performer of the in-house operators, representing around 55% of total B2C revenues in 2018 and as such, a strong contributor to the segment's EBITDA. With the focus being on further developing Rizk going forward, it is expected the B2C vertical will deliver an improved margin development.

Brand SuperLenny was from January 2019 transformed to an affiliate site with the same name, the other three brands will continue to operate in a similar form as in the second half of 2018 where revenues are expected to be kept, or slowly reduce, from current levels until further action is taken.





Financial Performance

Revenues

Consolidated revenues for the full year 2018 amounted to EUR 151.4 million, a 26% increase from EUR 120.4 million in 2017. Organic growth was 20% from 2017 to 2018. The B2B segment's share of consolidated revenues was 34% in 2018, up from 29% in 2017, reflecting GiG being a technology company, with a long-term strategy to develop technology and services for the iGaming industry.

Cost of sales

Cost of sales are mainly related to the B2C segment and include fees to game and payment suppliers, gaming taxes and other variable expenses. Cost of sales amounted to EUR 27.4 million in 2018, compared with EUR 20.5 million in 2017. Gaming taxes amounted to 3.4% of consolidated revenue in 2018, up from 2.5% in 2017.

Gross profit

Gross profits were EUR 124.0 million in 2018, up 24% from EUR 99.9 million in 2017. The gross margin was 82% in 2018 and 83% in 2017. The B2B segment's share of gross profit was 40% in 2018, up from 34% in 2017.

Marketing expenses

The high marketing spending continued in 2018, and consolidated marketing expenses amounted to EUR 47.2 million in 2018 (31% of revenues), compared with EUR 47.1 million in 2017 (39% of revenues). The increase is mainly due to the TV marketing campaigns that continued through 2018. Gross contribution after marketing expenses was EUR 82.7 million, whereof B2C contributed EUR 33.9 million or 41%, and B2B EUR 48.8 million or 59%.

Operating expenses

Other operating expenses amounted to EUR 60.7 million in 2018, a 51% increase from EUR 40.3 million in 2017. The higher operating expenses are a result of overall increased activity and a higher number of employees. A major part of operating expenses are personnel expenses, EUR 38.2 million in 2018, a 60% increase from EUR 23.8 million in 2017. Personnel expenses were 25% of revenues in 2018, up from 20% of revenues in 2017. Included in operating expenses are non-operational, one-off expenses of EUR 2.8 million mainly related to a potential fine from the UKGC.

EBITDA

EBITDA for 2018 amounted to EUR 16.1 million, or an EBITDA margin of 10.6% compared with EUR 12.5 million in 2017 (EBITDA margin of 10.4%). Adjusted for non-operational one-off expenses, EBITDA for 2018 was EUR 18.9 million (EBITDA margin of 12.5%).

Depreciation and amortisation

Depreciation and amortisation amounted to EUR 20.0 million in 2018, up from EUR 10.9 million in 2017. A major part is amortisation of affiliate assets acquired during the last three years, equal to EUR 9.7 million in 2018 and EUR 10.1 million in 2017. For further details, see note 8. Capitalised development expenses were amortized with EUR 6.1 million in 2018 and EUR 2.0 million in 2017. An impairment of brand values was completed in 2018, resulting in a writedown of EUR 13.7 million (see Note 5).

Operating income

Operating income (EBIT) ended at EUR -17.6 million in 2018, compared to EUR 1.6 million in 2017.

Other income (expense)

Net other income was EUR -4.3 million in 2018, compared with EUR -1.1 million in 2017. Included in other are interest expenses of EUR 4.9 million related to the bond. The balance consists of other interest expenses and net foreign exchange gains, mainly related to the bond (EUR 2.7 million) due to the weakening of the SEK towards the EUR in 2018.

Tax

Tax expense for the year 2018 was EUR 0.8 million. This relates mainly to the Company's operations in Spain, Norway and Denmark where the Company's inter-company agreements includes satisfactory transfer-pricing mechanisms.

Net result

The net result ended at negative EUR -22.8 million in 2018, compared to EUR -0.4 million in 2017.

Financial position

Assets

As at 31 December 2018, GiG had total assets of EUR 190.0 million, compared to EUR 205.7 million as at 31 December 2017. Goodwill and intangible assets amounted to EUR 138.8 million, whereof intangible assets related to affiliate acquisitions were EUR 9.4 million.

Goodwill was EUR 69.6 million, compared to EUR 69.4 million as of 31 December 2017. Goodwill arises from the acquisitions of OddsModel (EUR 6.4 million), Betit Holdings (EUR 42.0 million), Rebel Penguin (EUR 5.5 million) and the reversed Nio/GiG merger in 2015 (EUR 15.7 million).

Other non-current assets include EUR 7,2 million in capitalised development expenses (EUR 4.7 million in 2017).

Current assets as of year end 2018 included EUR 28.5 million in trade and other receivables, all related to ongoing operations, and EUR 14.7 million in cash and cash equivalents, whereof EUR 8.5 million were player funds.

Equity

Total equity was EUR 88.1 million as at 31 December 2018, with an equity ratio of 46%, compared to EUR 108.8 million as at 31 December 2017 (53% equity ratio).

Liabilities

Long-term liabilities of EUR 67.2 million as at 31 December 2018 includes the Company's bond with EUR 64.2 million. Other long-term loans consist of EUR 2.0 million drawn on an unsecured credit facility.

Net interest bearing debt as at 31 December 2018 was EUR 52.1 million, compared with EUR 55.4 million as at 31 December 2017.

EUR 34.2 million in current liabilities are mainly related to ongoing operations.

Cash flow

The consolidated net cash flow from operating activities amounted to EUR 12.5 million in 2018, compared to EUR 13.0 million in 2017. Net cash used in investment activities was EUR 12.4 million in 2018 (EUR 67.6 million in 2017), whereof EUR 6.1 million related to the Company's development of technology and future products.

Cash flow from financing activities for 2018 amounted to EUR 2.4 million (EUR 61.9 million in 2017), mainly related to the issue of the Company's Bond in March 2017 (SEK 400 million) and the tap issue in September 2017 (SEK 250 million).

Cash and cash equivalents increased by EUR 2.6 million in 2018 (up by EUR 6.0 million in 2017). As at 31 December 2018, holdings of cash and cash equivalents amounted to EUR 14.7 million, compared with EUR 12.1 million as at 31 December 2017. Cash holdings include EUR 8.5 million in fiduciary capacity, which is customer monies, which use is restricted, in accordance with the Remote Gaming Regulations.

Summary

The Board of Directors proposes that the Parent Company's net loss shall be covered by other equity.

The Board of Directors confirms that the financial statements have been prepared based on the assumptions of a going concern. In our opinion, the consolidated financial statements present, in all material respects, the financial position of Gaming Innovation Group Inc. and subsidiaries, as of 31 December 2018.

For more information, see the attached 2018 Consolidated Financial Statements with accompanying notes.

Corporate Governance

The Board of Directors has, to the best of its knowledge, ensured that the Company has implemented sound corporate governance, and that the Company's Board of Directors and management comply with the Norwegian Code of Practice for Corporate Governance and the Swedish Corporate Governance Code. Adherence to the Codes is based on the "comply-or-explain" principle, a detailed description of the Company's adherence to the Codes is included on page 49 of this annual report.

Shareholder Matters

Gaming Innovation Group Inc. is dual-listed on the Oslo Stock Exchange, Norway, with the ticker symbol "GiG" and from 26 March 2019 also listed on NASDAQ Stockholm main list with the ticker symbol "GIGSEK". The ISIN code for the share is US36467X2062.

On 11 December 2018, a Special Meeting of Shareholders approved a 10-for-1 reverse share split of the Company's share, where 10 old shares were converted to 1 new share.

The par value changed from USD 0.10 to USD 1.00 per share.

During 2018, employees in GiG exercised options to buy 440,000 shares. GiG borrowed shares for the transfer of the option shares to the employees and the new shares have been transferred back to the lender. Before the year end, 440,000 new shares were issued in connection with exercise of options in 2018.

As at 31 December 2018, the total number of shares outstanding in GiG was 90,005,626 (par value USD 1.00), divided between approximately 3,000 shareholders registered in the VPS system. The number of authorised shares is 100,000,000. 1,291,000 options were outstanding as at 31 December 2018. For more details on shares and options, see note 22 to the Consolidated Financial Statements.

Board of Directors and Management

From 1 January 2018, the Company's Board of Directors comprised five members, with Helge Nielsen as Chairman, and Jon Skabo, Morten Soltveit, Henrik Persson Ekdahl and Andre Lavold as directors. The annual meeting of the shareholders in Gaming Innovation Group Inc. was held on 23 May 2018 in Oslo, Norway. Skabo resigned, and Nielsen (chairman), Skabo, Soltveit and Lavold were re-elected as board members.

On 11 December 2018, a special meeting of the shareholders elected a new board consisting of Petter Nylander as Chairman, Paul Fischbein, Robert Buren, Frode Fagerli, Helge Nielsen and Henrik Persson Ekdahl as board members.

Robin Eirik Reed has been the Company's CEO during 2018.

The Board of Directors comprises:

Petter Nylander, Chairman
Petter has a long and successful career within iGaming and media enterprises. Starting his career at MTG, Petter held various management positions such as CEO of Unibet (now Kindred Group) (Nasdaq OMX), CEO of TV3 Scandinavia and CEO of OMD Sweden (part of Omnicom Group). Petter has also held positions of trust such as Chairman of the Board of G5 Entertainment AB (Nasdaq OMX) and board member of Besedo and Cint AB. Petter will bring unparalleled industry knowledge as well as great experience within corporate governance and the Swedish Code of Conduct. Petter has a master's degree in Business and Economics from the University of Stockholm, Sweden.

Helge Nielsen, Director
Helge Nielsen graduated from the Norwegian School of Economics (NHH) in 1975. He has broad and diverse senior management experience both nationally and internationally, including listed companies. He has been in charge of large international market organisations and responsible for major restructuring processes. Currently Helge runs his own consultancy company, which provides management for hire. He also holds various directorships.

Robert Burén, Director
Robert has a strong technical background and experience. He has held positions such as CTO of Unibet, CIO at SBAB Bank and CIO at Bisnode. He has also held several positions of trust such as board member of Cygni, Bredband2, Eaton Gate Gaming Ltd and Verkkokauppa.com Oyj. Robert is expected to bring and contribute his great industry knowledge and technical competence to the Board of Directors of GiG. Robert has attended the Master of Science in Computer Science and Technology in both the Royal Institute of Technology and the University of Luleå, Sweden.

Henrik Persson Ekdahl, Director
Henrik Persson Ekdahl is Partner & Co-founder at Optimizer Invest. As a repeat entrepreneur and angel investor, Persson has launched, grown and sold leading Scandinavian gaming operations such as BestGames Holdings Plc, Betsafe Ltd and Betit Group. He has two decades of experience within the online gaming industry in various roles including CEO BestPoker, Betsafe & Betsson Group Ltd. He holds an MBA from Gothenburg School of Economics. Among current assignments, Persson is board member of Catena Media P.L.C.

Paul Fischbein, Director
Paul is a well-renowned entrepreneur and business leader. Besides founding successful e-commerce businesses such as Tretti.se, he has held positions including CEO of Qliro Group (Nasdaq OMX), Chairman of Nelly.com, Chairman of the Investment Advisory Committee of EQT Ventures and Chairman of Barnebys. Paul will contribute with experience and expertise in management and development of tech-driven online businesses, both on a strategic and an operational level. Paul has a master's degree in Business and Economics from both the University of Lund, Sweden, and from the London School of Economics, UK.

Frode Fagerli, Director
Frode is one of the founders of GiG and has an insightful and well-established knowledge of the company and its various business verticals. He is a respected and well-known industry expert within iGaming in general. Besides co-founding GiG, Frode has launched various successful iGaming businesses and he is the founder, owner and organiser of the Norwegian Poker Championship. Frode owns 4.0% in GiG.
1 January until the Special Meeting of the Shareholders 18 December 2018

All board members are independent of the Company's large shareholders. Nielsen owns indirectly approximately 8.3% in Bryggen Holding AS, which owns 13.1% in GiG, but does not have a controlling interest in Bryggen Holding AS. All board members are independent of the Company's senior management. In the opinion of the Board, the composition of the Board of Directors responds to the Company's needs for varied competency, continuity and changes in ownership structure.

None of the directors hold any options or are entitled to any severance payment upon termination or expiration of their service on the Board. For details about compensation to board members and senior management, see note 31 to the Consolidated Financial Statements.

Board of Directors' and Management's Shareholdings

The following table shows the number of shares, options and warrants held by the members of the Board of Directors and top management of GiG and close associates, or companies controlled by the Board of Directors or the management, as at 31 December 2018 and 2017, respectively.

Name	Position	31 December 2018	
		Shares	Options
Petter Nylander	Chairman	16,500	-
Paul Fischbein	Director	800	-
Robert Buren	Director	10,000	-
Henrik Persson Ekdahl	Director	4,522,582	-
Frode Fagerli	Director	3,603,266	-
Helge Nielsen	Director	24,736	-
Robin Reed	CEO	6,446,422	-
Tore Formo	Group CFO	458,167	-
Richard Brown	COO	50,000	100,000
Ben Clemes	CCO	1,882,146	-
Mikael Ångman	CPO	-	150,000
Justin Psaila	CFO	2,100	72,000
Cristina Niculae	CSO	-	30,000
Tim Parker	CMO	-	25,000
Anna-Lena Åström	Head of IR & Corporate Communications	-	30,000

People and Environments

GiG's headquarters are located in Malta with operations in Spain, Norway, Denmark and Gibraltar as well as some satellite offices. At the end of 2018 the employee count totalled 710 including full-time consultants, a 75-employee increase from a total of 635 employees at the end of 2017. GiG's headquarters, @GiG Beach, houses 319 employees over 3,400 SQM offering a wide range of facilities and features and is designed to promote efficiency and creativity. A second location in Malta, @GiG Sky, will serve as an equally innovative office space from Q1 2019 onwards.

The CEO Robin Reed oversees an operational C-level executive management, heading the following departments: Group Operations, Group Tech, People Operations, Group Finance, Group Strategy and Group Creative. Furthermore, the organisation structure includes three business areas: Platform & Products, Operators and Digital Marketing. During 2018 the CEO took over the roles as both CMO and CTO as an interim solution, the CMO role was filled during 2018. Also, the CDO (Chief Digital Officer) changed to the role of COO (Chief Operational Officer) and the COO to the position of CPO (Chief People Officer).

Risk

The Company faces different risk factors, see the description on page 32 in this annual report.

Directors' Responsibility Statement

Today, the Board of Directors and Chief Executive Officer reviewed and approved the Board of Directors' report and the consolidated financial statements of Gaming Innovation Group Inc. and Subsidiaries, and the Company financial statements for the year ended 31 December 2018. The Company's consolidated financial statements have been prepared in accordance with IFRS.

We declare that, to the best of our knowledge, the consolidated financial statements of Gaming Innovation Group Inc. and Subsidiaries, and the Company financial statements for the year ended 31 December 2018 have been prepared in accordance with prevailing financial reporting standards, and that the consolidated financial statements of Gaming Innovation Group Inc. and Subsidiaries, and the Company financial statements for the year ended 31 December 2018 give a true and fair view of the assets, liabilities, financial position and results of operations as a whole for the group and parent company.

We also declare that, to the best of our knowledge, the Board of Directors' report provides a true and fair review of the development and performance of the business and the position of the group and parent company, together with a description of the most relevant risks and uncertainties the Company is exposed to, and that any description of transactions with related parties are correct.

12 April 2019

Petter Nylander
CHAIRMAN

Paul Fischbein
DIRECTOR

Robert Buren
DIRECTOR

Helge Nielsen
DIRECTOR

Henrik Persson Ekdahl
DIRECTOR

Frode Fagerli
DIRECTOR

Robin Reed
CEO

CORPORATE GOVERNANCE REPORT

Gaming Innovation Group is committed to good corporate governance to ensure trust in the Company and to maximise shareholder value over time. The objective of the Company's corporate governance framework is to regulate the interaction between the Company's shareholders, the Board of Directors and the executive management.

1. Implementation and reporting on corporate governance

Gaming Innovation Group Inc. ("GIG" or the "Company") is a US corporation incorporated in the state of Delaware with corporate number 2309086, with its registered office in St. James City, Florida, USA. The headquarter is in Malta with operations in Denmark, Gibraltar, Norway and Spain.

Being a Delaware company, GIG is subject to Delaware company legislation and regulation. In addition, certain aspects of the Norwegian Securities law and the Swedish Financial Instruments Trading Act applies to the Company due to its listing on both the Oslo Stock Exchange and on NASDAQ Stockholm, including the requirement to publish an annual statement of the Company's policy of corporate governance.

The Company's Board of Directors and management adheres to the Norwegian Code of Practice for Corporate Governance, last revised 17 October 2018 (the "Norwegian Code") and the Swedish Corporate Governance Code, last revised 1 December 2016 (the "Swedish Code"), both referred to as "the Codes" in this document. The Swedish Code is applicable from the listing on NASDAQ Stockholm from March 2019.

The Company aims for compliance in all essential areas of the Codes, however as a Delaware company, there will be topics where the Codes are not fully complied with. The Codes are available at www.nues.no/eng and http://www.corporategovernanceboard.se/the-code/current-code

The application of the Codes is based on a "comply or explain" principle and any deviation from the Codes is explained under each item. The corporate governance framework of the Company is subject to annual review by the Board of Directors and the annual corporate governance report is presented in the Company's annual report and on the Company's website.

This corporate governance report is currently structured to cover all sections of the Norwegian Code of Practice as a base, with an extended section for the Swedish Code of Corporate Governance specifically covering the information on Sustainability in section 13 (Information and Communication). Further explanation describes the Company's corporate governance in relation to each section of the respective Codes.

The Company complies with the Codes in all material respects, however it deviates on the following topics: Board authorisation to issue new shares (section 3) and formulation of guidelines for use of the auditor for services other than auditing (section 15).

2. Business

The Codes are in material respects complied with through the Company's Certificate of Incorporation and By-Laws (combined "Articles of Association") and the annual report.

As a Delaware corporation, the Company's business is not defined in the Articles of Association. A description of the business is available on the Company's website and in the annual report. The Company's objectives, strategy and risk profile, are described in more detail elsewhere in the annual report and on the Company's website.

Given the nature of GiG's business, the Company is constantly working to improve its ethical and fair business practice. The Company is committed to be compliant with all the laws and regulations affecting its business. The Company has defined ethical and sustainability guidelines in accordance with the Company's corporate values and as recommended by the Codes.

3. Equity and dividends

The Codes are in material respects complied with. GIG's equity at 31 December 2018 was EUR 88.1 million (46.3%). Apart from financing of normal operating expenses, GIG's business model requires low tied up capital in fixed assets and the Board of Directors considers the current capital capital as sufficient. The Board of Directors constantly assesses the Company's need for financial strength based on the Company's objectives, strategy and risk profile.

The Company has adopted a dividend policy under which, all else being equal, the Company will aim to pay a dividend according to continued self-imposed restrictions concerning financial solidity and liquidity, all of which should be complied with. To date, the Company has not paid any dividends to shareholders and no dividends are proposed by the Board of Directors for the year 2018.

According to common practice for Delaware companies, the Company has an authorised number of shares available which is higher than the current number of issued shares. The authorised number of shares has been approved by the shareholders in a Shareholders Meeting.

In compliance with the Company's Articles of Associations and Delaware corporate law, the Board of Directors may issue shares up to this limit without any further shareholder approval. As at 31 December 2018, the number of authorised shares were 100,000,000 (par value USD 1.00) whereof 90,005,626 are issued and outstanding, leaving 9,994,374 shares available for issue, equal to 11.1% of the issued and outstanding shares. The ISIN code is US36467X2062.

4. Equal treatment of shareholders and transactions with close associates

The Codes are in material respects complied with. The Company has only one class of shares, which is listed on both the Oslo Stock Exchange and NASDAQ Stockholm.

Under Delaware law, no pre-emption rights of existing shareholders exist, however the Company aims to offer pre-emption rights to existing shareholders in the event of increases in the Company's share capital through private share issues for cash. If the Board of Directors carries out an increase in share capital by cash and waives to offer a pre-emption right to existing shareholders, this will be a minor increase, or if not, a justification will be publicly disclosed in connection with such increase in the share capital.

In case of any material transaction between the Company and shareholders, directors or senior management or any related close associates, the Board of Directors will obtain satisfactory valuation in order to secure that a transaction is entered on arms-length conditions.

5. Shares and negotiability

The Company is compliant with the Codes. The Company has no limitations on the ownership or sale of the Company's shares. All shares of GIG are freely negotiable and no form of restriction on negotiability is included in the Company's Articles of Association.

6. General meetings

The Codes are in material respects complied with as stated below. Shareholder meeting ensures the shareholders' participation in the body that exercises the highest authority in the Company and in which the Company's articles of association are adopted.

Notices for shareholder meetings with resolutions and any supporting documents are announced on the Oslo Stock Exchange, on Nasdaq Stockholm and on the Company's website and sent by mail to all known shareholders according to the Company's Articles of Association. The Company's by-laws require a minimum of 10 days' notice to the shareholders, however, the Company has given the shareholders longer notice when calling for shareholder meetings, and from 2019, the Swedish Code for notice and other procedures regarding shareholder meetings, will be applied.

The Company allows shareholders to vote by proxy and prepares a form of proxy that is sent to shareholders and nominates a person who will be available to vote on behalf of shareholders as their proxy. Shareholders are allowed to vote separately on each candidate nominated for election to the Company's corporate bodies.

The Company has decided to apply the Swedish Code by using English only for all communication, including the notice, as the ownership structure warrants it and it is financially feasible given the financial situation of the Company. The same applies to the minutes of the meeting. The Swedish Code will be applied when verifying and signing the minutes of shareholder meetings. A shareholder, or a proxy representative of a shareholder, who is neither a member of the Board nor an employee of the Company is to be appointed to verify and sign the minutes of shareholders' meetings.

7. Nomination committee

The Codes are complied with. As a Delaware corporation, the governing law does not require a nomination committee, however a nomination committee was elected at the annual shareholders's meeting on 23 May 2018. The Board had until then nominated new board members after consulting with the Company's larger shareholders.

The annual general meeting on 23 May 2018 elected the following members to the nomination committee: Mr Mikael Riese Harstad, a shareholder in and representative of the investment company Optimizer Invest Ltd., the Company's second largest shareholder (10%) in May 2018.

Mr Kjetil Myrlid Aasen, a shareholder in and representative of Bryggen Holding AS, the Company's largest shareholder (13.1%).

Mr Kjetil Andreas Garstad, a private investor representing Stenshagen Invest AS, holding 1.7%. Privately, Mr Garstad holds an additional 0.1% through his wholly owned investment company Steel City AS.

8. Board of Directors: composition and independence

For the Board of Directors, the Codes are in material respects complied with. The shareholder meeting elects representatives to the Board. The resolution on the composition of the Board takes place with a simple majority.

The Company seeks to nominate members of the Board representing all shareholders and independent from management. All board members are, on a yearly basis, up for re-election.

The current Board of Directors consists of six members, whereof all are independent of the Company's main shareholders. All board members own shares in the Company, either directly or indirectly. Information about the current board members, their expertise, independency and shareholdings can be found on page 45 and on the Company's website.

As a Delaware company, the board members have unlimited periods, however the board members must be proposed, elected and re-elected at the Annual Shareholder Meeting.

The Chairman of the Board is elected by the Board of Directors according to the Company's by-laws.

9. The work of the Board of Directors

The Codes are in material respects complied with. The Board of Directors' has the prime responsibility for the management of the Company and holds a supervisory position towards the executive management and the Company's activities.

In addition to monitoring and advisory duties, the Board of Directors main tasks consists of participating in compiling the Company's strategy and establishing the overall goals.

The Board of Directors appoints the CEO; the Swedish Code will be applied when it comes to appointing, evaluating and, if necessary, dismissing the CEO. The Board is to approve any significant assignments the CEO has outside the Company.

The Board of Directors will ensure that the Company's six- or nine-month report is reviewed by the Company's auditor; according to the Swedish Code. There is no such equivalent rule in the Norwegian Code.

Following the annual shareholder meeting 2018, the Board of Directors appointed a remuneration committee and an audit committee and established an annual plan for its work with internal allocation of responsibilities and duties. The Board of Directors will evaluate its performance on a yearly basis.

Members of the Board of Directors and senior management shall notify the Board of Directors in case of material direct or indirect interests in transactions entered into by the Company.

10. Risk management and internal control

The Codes are complied with. The Board of Directors constantly assesses the Company's need for necessary internal control systems for risk management covering the size and complexity of the Company's business.

In connection with the annual report, the most important areas of risk exposure and internal controls are reviewed.

11. Remuneration to the Board of Directors

The Codes are complied with and variable remuneration for the Board is not allowed in the Norwegian Code, which the Company follows. The remuneration to board members is at a sufficiently competitive level in order to ensure the desired composition of the Board. The remuneration is a fixed amount and has no performance-related elements according to the Norwegian Code.

No board members have share options and no board members take part in incentive programmes available for management and/or other employees.

The board members have not received any additional remuneration for attending committees. Remuneration to the Board is listed in Note 31 in the 2018 annual report.

A general rule is that no members of the Board of Directors (or companies with which they are associated) shall take on specific assignments for the Company in addition to their appointment as Director. If such assignments are made, it shall be disclosed to the Board of Directors and the remuneration shall be approved by the Board of Directors.

12. Remuneration of the executive personnel

The Codes are complied with. The remuneration for the CEO is set by the Board. The Board also establishes guidelines for the remuneration of other members of senior management, including both the level of fixed salaries, the principles for and scope of bonus schemes and any option grants. The remuneration to senior management is described in Note 31 and the Company's incentive stock option programmes are described in Note 22 in the 2018 annual report.

The Chairman of the Board, Petter Nylander, is the chairman, and Director Henrik Persson Ekdahl is a member of the Company's remuneration committee.

13. Information and communications

The Code of Practice is complied with. The Company assigns importance to informing its owners and investors about the Company's development and economic and financial status. Prompt financial reporting reduces the possibility of leakage and contributes to the equal treatment of shareholders.

Responsibility for investor relations (IR) and price sensitive information rests with the Company's CEO, Group CFO and Head of IR, including guidelines for the Company's contact with shareholders other than through general meetings.

All information distributed to the Company's shareholders is available through the Company's website. Each year the Company publishes to the market the dates of reporting for planned major events.

14. Take-overs

The Code of Practice is complied with. The Company has no restrictions in its Articles of Associations regarding company take-overs, and the Board of Directors is pragmatic with respect to a possible takeover of the Company.

If a takeover bid is made for the Company, the Board of Directors will ensure that shareholders are given sufficient and timely information and make a statement prior to expiry of the bid, including a recommendation as to whether the shareholders should accept the bid or not. The main responsibility of the Board of Directors under such circumstances is to maximise value for the shareholders, while simultaneously looking after the interest of the Company's employees and customers.

15. Auditor

The Company has an audit committee consisting of two directors, Robert Burén and Paul Fischbein. Up until 11 December 2018, the audit committee consisted of previous board members Andre Lavold and Jon Skabo. For the fiscal year 2018, the audit committee had four audit committee meetings and had a meeting with the auditors regarding the annual financial statements and the auditors presented to the audit committee a review of its work and the Company's internal procedures.

The Company has not developed any specific guidelines for the management's opportunity to use the auditor for other services than audit. The auditors are used as advisors for general financial purposes and in connection with the preparation of tax returns and general tax advice.

The auditors participate in the board meeting which approves the annual financial statements. The auditors are also available for questions and comments at the Board of Directors' discretion.

AUDITOR'S REPORT

Independent Auditor's Report

To the Shareholders of Gaming Innovation Group, Inc.

Report on the Audit of the Financial Statements

We have audited the consolidated financial statements of Gaming Innovation Group, Inc. and its subsidiaries (the Group), and the financial statements of the Parent, each of which comprise the applicable statements of financial position as of 31 December 2018 and 2017, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Group consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2018 and 2017, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

In our opinion, the accompanying Parent financial statements give a true and fair view of the financial position of the Parent as of 31 December 2018 and 2017, and its financial performance and cash flows for the years then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report below. We are independent of the Group and the Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Compliance with laws and regulations

We refer to Note 34 Significant Risks and Uncertainties. The Group operates on the basis of its international license in Malta and other territory specific licenses. For internet-based betting operations, there is uncertainty as to which country's law ought to be applied, as the internet operations can be linked to several jurisdictions. Regulations are developing and this evolving environment makes compliance an increasingly complex area with potential for litigation and license withdrawal resulting from non-compliance with territory specific regulations, including responsible gambling and anti-money laundering obligations.

Since the risk of non-compliance could give rise to material fines, taxes and penalties, we focused on this area due to its complexity and potential material fines. We evaluated how management monitors legal and regulatory developments, and their assessment of the potential impact on the business. We made inquiries with the Group's legal counsel regarding any known instances of breaches in regulatory or license requirements during the year and subsequently that needed disclosure.
In particular, we considered correspondence around the license review undertaken by the United Kingdom Gambling Commission and inquired on the basis for the Group's accrual for a regulatory settlement of EURO 2,6 million. We found that the Group had an appropriate basis of accounting for these matters in the financial statements and we found the disclosures to be appropriate.

Impairment of intangible assets

We refer to Note 5 Critical Accounting Estimates and Judgements and Note 8 Goodwill and Intangibles. The Group's management tests whether goodwill and other intangible assets are impaired on an annual basis. For purposes of assessing impairment, assets with indefinite lives (including domains and trademarks) are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGU's). The Group operates two segments, business to consumer (B2C) and business to business including performance marketing and technology services (B2B). Due to changes in the Group's strategy to focus marketing on fewer B2C brands, management conducted a detailed impairment review of the projected cash flows relating to domains as of 31 December 2018. Such impairment review resulted in an impairment of EURO 13.7m.

As part of our work on the impairment assessment of goodwill and other intangible assets, we evaluated the appropriateness of the methodology used and the assumptions underlying the discounted cash flow model prepared by the Group. The underlying calculations were reviewed in order to check the model's accuracy, including the discount rates used and growth assumptions. We found these to be within reasonable range of our expectations. We compared past Group forecasts to actual results and performed a sensitivity analysis to assess whether a reasonable change in assumptions could further impair the intangibles. Should the actual growth result be lower than projected and management does not take a reduction of marketing and operating expenses, a further impairment may arise.

In relation to the B2B, considering the headroom available for the performance marketing, a significant deterioration in performance would need to occur for its assets to be impaired. In regards to technology services, due to the start-up nature of this activity, we concur with management's view that the impairment assessment is more uncertain. Finally, we reviewed the appropriateness of the disclosures relating to these impairments and found them to be appropriate.

Other Information

Other information consists of the information included in the Company's annual report other than the consolidated financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free form material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit of the consolidated financial statements as described above, it is our opinion that the information presented in the Board of Directors Report, Corporate Governance Report and Sustainability Report concerning the financial statements and the going concern assumption is consistent with the consolidated financial statements and complies with the applicable laws and regulations.

Garden City, New York, 12 April 2019

Israeloff Trattner & Co. P.C

Israeloff Trattner & Co. PC

AGM AND OTHER INFORMATION

2019 Annual General Meeting of Shareholders (AGM)

Gaming Innovation Group invites its shareholders to its Annual Meeting of Shareholders (AGM). The meeting will take place at T-House Stureplan, room Christofer Columbus, Engelbrektsplan 1, Stockholm, Sweden on Wednesday 22 May at 13:00 local time

Right to participate and registration

Shareholders who wish to attend the AGM must be registered, depending on in which country the shares are held, with the VPS in Norway or with Euroclear Sweden AB, no later than on Wednesday 15 May 2019.

Shareholders who have their shares registered with a nominee account with Euroclear Sweden AB, must ensure their shares are temporarily registered with the VPS in Norway or with Euroclear Sweden AB on the same date.

Shareholders who would like to attend the AGM need to notify their attendance by notifying the relevant addressee below by 16:00 on Wednesday 15 May 2019.

Notification of attendance shall include the attendee's name, date of birth/corporate identity number, address, telephone number and shareholding.

- Address for shareholders with shares registered with VPS in Norway: DNB Bank ASA, Verdipapirservice, P.O. Box 1600 Sentrum, 0021 Oslo, Norway
- Address for shareholders with shares registered with Euroclear Sweden AB: GiG Årsstämma, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden
- Shareholders may also notify GiG of their attendance by mail to: agm@gig.com.

Shareholders who are unable to attend the AGM in person, can attend by proxy by completing and signing the proxy form, returning it by mail to reach the relevant addressee below no later than 12:00 on Thursday 16 May.

Address for shareholders with shares registered with VPS in Norway: DNB Bank ASA, Verdipapirservice, P.O. Box 1600 Sentrum, 0021 Oslo, Norway or by email: vote@dnb.no.

Address for shareholders with shares registered with Euroclear in Sweden: GiG Årsstämma, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden. Proxy forms are available in the Notice on the website www.gig.com/ir/corporate-governance.

Financial calendar

6 May 2019	First Quarter 2019 Results
14 August 2019	Second Quarter 2019 Results
6 November 2019	Third Quarter 2019 Results
18 February 2020	Fourth Quarter 2019 Results

Contacts

Anna-Lena Åström
Head of IR & Corporate Communications
anna.lena@gig.com

Tore Formo
Group CFO
tore@gig.com

CONSOLIDATED FINANCIAL STATEMENTS

Statements of Comprehsensive Income (Loss)

For the years ending 31 December 2018 and 2017

EUR 1000		Company		Parent	
	Notes	2018	2017	2018	2017
Revenues	**2,4,24**	**151,372**	**120,423**	**-**	**-**
Cost of sales	25	27,358	20,521	-	-
Gross profit		124,014	99,902	-	-
Operating expenses					
Personnel expenses	28	38,206	23,799	51	-
Depreciation & amortization	2,8,9	19,973	10,912	46	4
Impairment of intangible assets	2,8	13,726	-	7,320	-
Marketing expenses		47,247	47,093	-	-
Other operating expenses	26	22,479	16,489	137	275
Total Operating Expenses		**141,631**	**98,293**	**7.554**	**279**
Operating income (loss)		-17,617	1,609	-7,554	-279
Other income (expense)					
Other Income (expense)	29	-4,323	-1,054	4,248	1,671
Total other income (expense)		**-4,323**	**-1,054**	**4,248**	**1,671**
Results before income taxes		-21,940	555	3,366	1,392
Income tax (expense) credit	27	-815	-973	-	-
Net results		-22,755	-418	-3,954	1,392
Other comprehensive income (loss)					
Exchange differences on translation of foreign operation	2	133	-2,571	-	-
Change in value of financial assets at fair value	11, 12	-15	1,281	-15	832
Total other comprehensive income (loss)		118	-1,290	-15	832
Total comprehensive income (loss)		**-22,637**	**-1,708**	**-3,969**	**2,224**
Total comprehensive income (loss) attributable to:					
Owners of the parent	2,10	-22,639	-1,726		
Non-controlling interests	2,10	2	18		
Total comprehensive income (loss)		-22,637	-1,708		
Earnings per share attributable to Gaming Innovation Group Inc.					
Basic earnings (loss) per share		-0.25	0.00		
Diluted earnings (loss) per share		-0.25	0.00		
Weighted average shares outstanding		89,567	89,067		
effect of dilutitive shares		-	-		
Diluted weighted average shares outstanding		89,567	89,067		

Statements of Financial Position

As at 31 December 2018 and 2017

EUR 1000		Company		Parent	
	Notes	2018	2017	2018	2017
ASSETS					
Non-current assets					
Goodwill	2,8	69,570	69,444	-	-
Intangible assets	2,8	69,253	91,997	33	79
Property, plant and equipment	2,9	5,111	4,098	-	-
Investment in subsidiaries	10	-	-	151,791	114,688
Deferred income tax assets	21	60	616	-	-
Other non-current assets	13,18	893	598	575	204
Financial assets at fair value through other comprehensive income	11	1,852	-	1,852	-
Financial assets at fair value through profit and loss	14	145	-	145	-
Available-for-sale financial assets	12	-	1,867	-	1,867
Total non-current assets		**146,884**	**168,620**	**154,396**	**116,838**
Current assets:					
Trade and other receivables	15	28,473	24,769	27,951	73,406
Cash and cash equivalents	16	14,669	12,079	29	309
Prepaid and other current assets	17	5	194	-	23
Total current assets		**43,147**	**37,042**	**27,980**	**73,738**
TOTAL ASSETS		**190,031**	**205,662**	**182,376**	**190,576**
Liabilities and Shareholders' Equity					
Shareholders' equity:					
Share capital issued	22	78,858	78,483	78,858	78,483
Share premium	22	123,439	32,143	127,224	35,928
Accumulated translation income (loss)		-1,497	-1,630	-	-
Retained earnings (deficit)		-112,753	-236	-88,546	5,168
Total equity attibutable to owners of the Company		**88,047**	**108,760**	**117,536**	**119,579**
Non-controlling interests		25	23	-	-
Total equity		**88,072**	**108,783**	**117,536**	**119,579**
Liabilities					
Long term liabilities:					
Bond payable	6	64,230	66,466	64,230	66,466
Long term loans	20	1,953	1,016	-	-
Deferred income tax liabilities	21	955	829	448	448
Total long term liabilities		**67,138**	**68,311**	64,678	66,914
Current liabilities:					
Trade payables and accrued expenses	19	34,204	28,568	162	4,083
Short term loans	20	617	-	-	-
Total current liabilities		**34,821**	**28,568**	**162**	**4,083**
Total liabilities		**101,959**	**96,879**	**64,840**	**70,997**
TOTAL EQUITY AND LIABILITIES		**190,031**	**205,662**	**182,376**	**190,576**

Statements of Changes in Equity

For the years ending 31 December 2018 and 2017

Company (EUR 1000)	Treasury shares	Common Stock Shares issued	Common Stock Shares Outstanding	Common Stock Amount	Share Premium/ Adjustment	Non-controlling interest	Translation reserve	Retained Earnings (Deficit)	Total Equity
Balance at January 1, 2017	**786,500**	**81,855,626**	**81,069,126**	**71,639**	**33,671**	**5**	**-340**	**200**	**105,175**
Exercise of options	-70,000		70,000		99	-	-	-	99
Earn out shares issued	-	7,710,000	7,710,000	6,844	-6,844	-	-	-	-
Issuance of shares for purchase of affilate businesses	-716,500	-	716,500	-	3,579	-	-	-	3,579
Share compensation expense	-	-	-	-	1,666	-	-	-	1,666
Share compensation expense	-	-	-	-	-	-	1,281	-	1,281
Exchange differences arising from prior year adj.	-	-	-	-	-28	-	-	-	-28
Net results	-	-	-	-	-	18	-	-436	-418
Exchange differences on translation	-	-	-	-	-	-	-2,571	-	-2,571
Balance at 31 December 2017	**-**	**89,565,626**	**89,565,626**	**78,483**	**32,143**	**23**	**-1,630**	**-236**	**108,783**
Exercise of options and issuance of shares for cash	-	440,000	440,000	375	473	-	-	-	848
Elimination of inter-co accounts into equity	-	-	-	-	89,760	-	-	-89,760	-
Share compensation expense	-	-	-	-	1,078	-	-	-	1,078
Change in value of financial assets at fair value through comprehensive income	-	-	-	-	-15	-	-	-	-15
Net results	-	-	-	-	-	2	-	-22,757	-22,755
Exchange differences on translation	-	-	-	-	-	-	133	-	133
Balance at 31 December 2018	**-**	**90,005,626**	**90,005,626**	**78,858**	**123,439**	**25**	**-1,497**	**-112,753**	**88,072**

Parent (EUR 1000)	Treasury shares	Common Stock Shares issued	Common Stock Shares Outstanding	Common Stock Amount	Share Premium/ Adjustment	Retained Earnings (Deficit)	Total Equity
Balance at January 1, 2017	**786,500**	**81,855,626**	**81,069,126**	**71,639**	**36,596**	**3,776**	**112,011**
Issuance of treasury shares for acquisition	-716,500	-	716,500	-	3,579	-	3,579
Exercise of options	-70,000	-	70,000	-	99	-	99
Earn out shares issued	-	7,710,000	7,710,000	6,844	-6,844	-	-
Share compensation expense	-	-	-	-	1,666	-	1,666
Change in value of financial assets at fair value through comprehensive income	-	-	-	-	832	-	832
Net results	-	-	-	-	-	1,392	1,392
Balance at 31 December 2017	**-**	**89,565,626**	**89,565,626**	**78,483**	**35,928**	**5,168**	**119,579**
Exercise of options	-	440,000	440,000	375	473	-	848
Elimination of inter-co accounts into equity	-	-	-	-	89,760	-89,760	-
Share compensation expense	-	-	-	-	1,078	-	1,078
Change in value of financial assets	-	-	-	-	-15	-	-15
Net results	-	-	-			-3,954	-3,954
Balance at 31 December 2018	**-**	**90,005,626**	**90,005,626**	**78,858**	**127,224**	**-88,546**	**117,536**

Statements of Cash Flows

For the years ending 31 December 2018 and 2017

EUR 1000		Company		Parent	
	Notes	2018	2017	2018	2017
Cash flows from operating activities					
Results before income taxes		-21,940	555	-3,306	1,392
Taxes		-815	-973	-	-
Amortization of intangible assets	8	18,474	10,113	46	-
Depreciation	9	1,499	799	-	-
Impairment of intangibles	8	13,726	-	7,320	
Share based compensation		1,078	1,666	-	-
Provision for impariment of trade receivables		-155	53	-	-
Change in trade and other receivables		601	-12,880	3,452	-4,129
Change in current assets		-112	-46	-	-
Change in non-current assets		189	-326	-	-
Change in trade and other payables		-61	14,085	-7,054	2,598
Net cash (used in)/generated from operating activities		**12,484**	**13,046**	**458**	**-139**
Cash flows from investing activities					
Purchases of intangible assets	8	-9,458	-54,479	-	-79
Purchases of property, plant and equipment	9	-2,511	-3,817	-	-
Acquisition of associates		-460	-200	-460	-200
Acquisition of subsidiaries		-	-9,120	-604	-1
Advances to related parties		-		-	-55,957
Cash received upon business combination		43	-	10	-
Net cash used in investing activities		**-12,386**	**-67,616**	**-1,054**	**-56,237**
Cash flows from financing activities					
Repayment of loans	20	-	-8,123	-	-
Proceeds from loans	20	1,551	3,071	-	-
Proceeds from issuance of shares	22	823	-	823	
Proceeds from bond issue	6	-	66,956	-	66,956
Net repayments of related party borrowings		-	-	-507	-11,105
Net cash generated from financing activities		2,374	61,904	316	55,851
Translation loss		133	-2,571	-	-
Fair value movements		-15	1,281	-	832
Net movement in cash and cash equilalents		2,590	6,044	-280	307
Cash and cash equivalents at beginning of year	16	12,079	6,035	309	2
Cash and cash equivalents at end of year	**16**	**14,669**	**12,079**	**29**	**309**
Non cash financing and investing activities					
Issuance of treasury shares for the acquisition of Rebel Penguin		-	3,579	-	3,579
Issuance of shares in payment of earn out shares		-	6,844	-	6,844
Acquisition of Betit Holdings, OddsModel and Rebel Penguin for shares and cash					
Non-cash assets acquired					
Intangibles		-	6,832	-	-
Property and equipment		-	121	-	-
Other current assets		-	736	-	-
Inc. non-cash assets acquired		**-**	**7,689**	**-**	**-**
Goodwill		**-**	**5,581**	**-**	**-**
Total non-cash assets acquired		**-**	**13,270**	**-**	**-**
Liabilities assumed					
Trade and other payables		-	572	-	-
Total liabilities assumed		**-**	**572**	**-**	**-**
Less cash paid		-	9,120	-	-
Net non-cash acquired		-	3,578	-	-
Consideration price		-	12,698	-	-

Notes to Consolidated Financial Statements

For the years ended 31 December 2018 and 2017

1. Corporate Information

Gaming Innovation Group Inc. ("GiG." or the "Company") is a US corporation incorporated in the state of Delaware and traded on the Oslo Stock Exchange with the ticker symbol "GIG" and on Nasdaq Stockholm with the ticker symbol "GIGSEK" (dual listing). Gaming Innovation Group Plc. ("Plc") is incorporated and domiciled in Malta, having a registered office at @GiG Beach, The Golden Mile, Trig Id-Dragunara, St. Julian's STJ 3148, Malta.

The Company's principal activity is to provide a platform for and facilitate internet gambling, gaming and betting.

The consolidated financial statements of the Company as at and for the years ended 31 December 2018 and 2017 are comprised of Plc, and its accounting basis subsidiaries.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

2.1 Basis of preparation

Statement of Compliance and Presentation of Financial Statements

The consolidated Company financial statements include the financial statements of the accounting parent, Plc, and its subsidiaries. These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The consolidated financial statements report the full year of operations of 2018 and 2017 of Gaming Innovation Group Inc. and subsidiaries and Rebel Penguin Aps from Sept 2017.

The consolidated financial statements are presented on the historical cost basis and reflect all acquisitions, adjusted for all post acquisition gains, earnings and losses. Parent only financial statements report the results of Plc, the accounting parent. The statements were approved by the Board of Directors and issued on 12 April 2019.

Going Concern

As at 31 December 2018, the net current assets and net equity of the Company amounted to EUR 43,147,866 and EUR 88,072,561 respectively. The Company's bond, with a year-end carrying amount of EUR 64,229,542 as further detailed in Note 6, is repayable in March 2020. Management is currently considering the options available to the Company, which include re-financing of the bond. Although the future re-financing options are still under consideration, management does not believe that this matter impacts the going concern basis of preparation.

Standards, Interpretations and Amendments to Published Standards Effective in 2018 and 2017

In 2018 and 2017, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting periods beginning 1 January 2018 and 2017. The adoption of these revisions to the requirements of IFRS as adopted by the EU did not result in substantial changes to the Company's accounting policies.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. The impact of introducing IFRS 15 was immaterial to the Company.

IFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. Amongst others, it replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss or through OCI, the irrevocable option is at inception. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. The adoption of IFRS 9, on financial assets is disclosed in note 4.1. The Company's financial liabilities continue to be measured at amortised cost under IFRS 9 consistently with IAS 39.

Standards, Interpretations and Amendments to Published Standards that are not yet Effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2019. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and management is of the opinion that, with the exception of the below, there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

Under IFRS 16, "Leases", a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. IFRS 16 removes the distinction between operating and finance leases for lessees, and requires them to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts; the only exceptions are short-term and low-value leases. The standard is effective for annual periods beginning on or after 1 January 2019. The Company will apply the standard from its mandatory adoption date of 1 January 2019 and will apply the simplified transition approach. Under this approach, the Company will not restate comparative amounts for the year prior to first adoption, the lease liability is measured at the present value of the remaining lease payments as at 1 January 2019, and the right-of-use assets at that date will be measured at an amount equivalent to this lease liability plus prepaid lease expenses.

The Company has entered into lease arrangements for the use of immovable properties; these arrangements were classified as operating leases under IAS 17. As at the reporting date, the Company has non-cancellable operating lease commitments in respect of the lease of these immovable properties which amounted to EUR 13.1 million.

Management has estimated that the lease liability for the lease arrangement amounts to EUR 14.1 million, and the right-of-use asset at that date amounts to EUR 14.1 million, there is no adjustment to equity upon initial application of the standard. The adoption of IFRS 16 will also result in the replacement of operating lease rental expenditure on this arrangement by amortisation of the right-of-use asset, and by an interest cost on the lease liability. Management estimates that rental costs on this arrangement, amounting to EUR 3.7 million for the year ending 31 December 2019, will be replaced by an annual amortisation charge on the right-of-use asset amounting to EUR 1.6 million and a notional interest expense of EUR 0.8 million. The adoption of IFRS 16 will therefore result in an increase of EUR 1.3 million in profitability for the year ending 31 December 2019.

Rental payments under IFRS 16 are allocated between interest payments and a reduction in the lease liability, with a corresponding impact on the Company's statement of cash flows. The reduction in lease liability, amounting to EUR 1.8 million for the year ending 31 December 2019, will accordingly be reported as a financing cash flow instead of an operating cash flow. The Company is assessing whether to present rental payments allocated to interest, amounting to EUR 0.5 million for the year ending 31 December 2019, as financing cash flows or as operating cash flows.

In the opinion of management, there are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Use of Estimates, Judgements and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Estimates constitute the basis for the assessment of the net book value of assets and liabilities when these values cannot be derived from other sources. Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the revisions are made and in any future periods affected.

The following are significant areas in the Company's consolidated financial statements where estimates and judgment are applied to account balances: Goodwill, intangibles, property, plant and equipment, related write-offs, depreciation, amortisation and income taxes. The amount and timing of recorded expenses for any period would vary by any changes made to such estimates.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company applies the acquisition method of accounting to account for business combinations that fall within the scope of IFRS 3. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Upon consolidation, inter-company transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

In the Parent's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost includes directly attributable costs of the investment. Cost also includes the vested portion of the grant date fair value of share options which the Parent grants as remuneration to employees and other consultants who provide services to the Parent's subsidiaries.

Provisions are recorded where, in the opinion of management, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.8.

Transactions with non-controlling interests

The Company treats transactions with non-controlling interests, where the acquisition or disposal of partial interests in a subsidiary has no impact on the Company's ability to control the subsidiary's financial and operating policies, as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Segment Information

The Company determines and presents operating segments based on the information that internally is provided to the Company's management team, which is the Company's chief operating decision-maker in accordance with the requirements of IFRS 8 "Operating Segments".

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expense that relate to transactions with any of the Company's other components, and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and to assess its performance in executing the function of the chief operating decision-maker.

Business combinations

Business combinations between entities under common control, which do not all within the scope of IFRS 3, are accounted for using predecessor method of accounting. Under the predecessor method of accounting, assets and liabilities are incorporated at the predecessor carrying values which are the carrying amounts of assets and liabilities of the acquired entity from the financial statement amounts of the acquired entity.

No new goodwill arises in predecessor accounting, and any differences between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity, is included in equity in a separate reserve. The financial statements incorporate the acquired entity's results and balance sheet prospectively from the date on which the business combination between entities under common control occurred.

Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The 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 Euro, Danish kroner and Norwegian kroner 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 shareholders' equity and reflected as other comprehensive income (loss) on the consolidated statements of comprehensive income (loss).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. The Company's and Parent's accounting policy is to present all exchange differences within other income (expense), including exchange differences arising on cash and cash equivalents and amounts due from payment providers.

(c) Subsidiaries

Income statements of foreign entities are translated into the Company's presentation currency at the average exchange rates for the year and statements of financial position are translated at the exchange rates ruling at year-end. All resulting translation differences are recognised in other comprehensive income.

Exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. On disposal or partial disposal of a foreign entity, translation differences that were previously recognised in other comprehensive income are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences are recognised in other comprehensive income.

2.3 Financial instruments

The Company's financial instruments include cash and cash equivalents, trade accounts and credit card receivables, bond payable, trade payables and accrued expenses and related party debt. Such instruments are carried at cost which approximates fair value due to the short maturities of these instruments.

2.4 Cash and cash equivalents

For purposes of the statement of cash flows, the cash and cash equivalents are comprised of cash on hand, deposits held at banks and e-wallets.

2.5 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (Note 2.9.3). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of identifiable net assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGU's) or groups of CGU's, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

(b) Domains

Domains comprise the value of domain names acquired by the Company as well as the value derived from the search engine optimisation activity embedded in the acquired portfolios. Separately acquired domains are shown at historical cost, which represents their acquisition price. Certain domains are expected to have a useful life of eight years. Amortisation is calculated using the straight-line method to allocate the cost of domains over their estimated useful lives. Other domains have an indefinite useful life.

(c) Affiliate contracts

Acquired affiliate contracts are shown at historical cost and are deemed to have a useful life of three years determined by reference to the expected user churn rate. Amortisation is calculated using the straight-line method to allocate the cost of affiliate contracts over their estimated useful lives.

(d) Computer software and technology platforms

Acquired computer software and technology platforms are capitalised on the basis of the costs incurred to acquire and bring to use these intangible assets. These costs are amortised over their estimated useful lives of three years or in the case of computer software over the term of the license agreement if different.

Costs associated with maintaining these intangible assets are recognised as an expense when incurred. Development costs that are directly attributable to the design of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it
- will be available for use;
- management intends to complete the intangible assets and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate
- probable future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the intangibles asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of these intangible assets include the labor costs of employees.

	Years
Installations and improvements to premises	3 - 6
Computer equipment	3
Furniture and fittings	3 - 6

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.7 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost and subsequently carried at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method over the following periods:

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. (Note 2.8)

Gains and losses on disposals of plant and equipment are determined by comparing the proceeds with carrying amount and are recognised within profit or loss.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow CGU's. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Financial assets

2.9.1 Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes

2.9.2 Recognition and measurement

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(b) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.9.3 Impairment

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 4.1 for further details.

2.9.4 Accounting policies applied until 31 December 2017

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

(a) Classification

Until 31 December 2017, the Company classified its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

(b) Reclassification

Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

(c) Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9, see description above.

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVPL – in profit or loss within other gains/(losses)
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 11.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

(d) Impairment

The Company assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(e) Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Company could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

Impairment testing of trade receivables is described in note 4.1.

(f) Assets classified as available-for-sale

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

2.10 Share-based compensation

The Company operates equity-settled and cash-settled, share-based compensation plans. Through these plans, the Company receives services from employees and consultants, or purchases intangible assets, as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised by the Company as an expense.

For equity-settled share-based payments, the total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity

over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to hold shares for a specific period of time).

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company, or another entity at the request of the Company, transfers shares to the employees.

2.11 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 utilise the same numerator, but outstanding shares in gain periods include the dilutive effect of outstanding warrants and options determined by the treasury stock method. Due to the loss in 2018, outstanding common stock options and warrants were anti-dilutive and accordingly were excluded from this calculation. For the year ended 31 December 2018, the Company had 1,291,000 options outstanding.

2.12 Inter-company transactions

Inter-company balances and unrealized income and expenses arising from inter-company transactions are eliminated upon consolidation.

2.13 Foreign currency transactions

Transactions in currencies other than the EUR are recorded in EUR at the exchange rates prevailing at the transaction dates. Exchange gains and losses are included in the Company's results of operations.

2.14 Revenue recognition policy

Revenue comprises the fair value of the consideration received or receivable for the supply of services in the ordinary course of the Company's activities. The Company recognises revenue, including other operating revenue, when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met as described below.

Gaming Operators

Gaming transactions that are not deemed to be financial instruments, where the Company revenues stem from commissions. The revenue recognised in this manner relates to Poker. Such revenue represents the commission charged at the conclusion of each poker hand in cash games (i.e. rake). The Company's performance obligation in this service is the provision of the poker game to the individual players. The performance obligation is satisfied and the Company is entitled to its share of the pot (i.e. the rake) once each poker hand is complete. In this respect, revenue recognition under IFRS 15 should remain consistent with that under IAS 18 (i.e. to recognise revenue as each hand is complete).

Revenue from gaming transactions that are deemed to be financial instruments, where the Company takes open positions against players, are recognised as a net fair value gain or loss after the deduction of players' winnings, bonuses and gaming taxes. The revenue recognised in this manner relates to sports betting and casino. These are governed by IFRS 9 and thus out of the scope of IFRS 15.

Revenue from transactions where the Company is taking positions against players, such as sports betting and online casino, is recognised when the outcome of an event is known. Revenue from commission arising on transactions where the Company does not take open position against players, such as poker, is recognised when players place wagers in a pool.

Platform Services

In contracting with white label operators, the Company considers that it is acting as an intermediary between the third party platform and the related service providers. On this basis revenue is recognised net of payments made to service providers.

Costs that are not reported as part of the net gain or loss within revenue include inter alia bank charges, fees paid to platform and payment providers and certain gaming taxes.

In contracting with own license operators, the Company generates revenue by entering into a revenue share deal or a fixed deal where such revenue is apportioned on an accrual basis over the whole term of the contract. The consideration for such services is generally split between an initial setup to configure the software as per the customer's requirements and on-going charge invoiced monthly.

The uncertainty on the amount of revenue to be received is resolved at each calendar month end since the contracts are such that the amounts reset to zero on a monthly basis. Accordingly, it is appropriate for the Company to recognise the monthly amounts invoiced in the P&L.

The only difference between accounting for such arrangements under the previous revenue standard and IFRS 15 pertains to the set-up fees. Under IAS 18, the set-up fees were deferred over a period of (generally) six months until the go-live date. In accordance with IFRS 15, the set-up is not seen as a distinct PO as the customer cannot benefit from the set-up itself but for the agreement as a whole. Accordingly, the set-up fee is simply seen as being part of the consideration receivable for the software as a service (SAAS) agreement and should therefore be deferred over the period of the agreement.

Management performed a detailed analysis of such impact and concluded that this has an immaterial affect for the Company.

Media Services

For a revenue share deal, the Company receives a share of the revenues that the gaming operator has generated as a result of a player playing on their iGaming site. Revenue is recognised in the month that it is earned by the respective gaming operator.

For a cost acquisition deal, a client pays a one-time fee for each player who deposits money on the client's site. Cost per acquisition contracts consist of a pre-agreed rate with the client. Revenue from such contracts is recognised in the month in which the deposits are made.

For a listing deal, a client pays a fixed fee to be listed and critically reviewed on the Company's websites. Such revenue is apportioned on an accrual basis over the term of the contract.

The Company's performance obligation in this respect can be viewed as a series of distinct performance obligations to stand ready to redirect players on a constant basis. Such contacts give rise to variable consideration from an IFRS 15 point of view since the revenues are not fixed at the outset. In view of the nature of the service provided as a monthly stand-ready obligation, the Company recognises the income in the month in which it has a contractual right to bill the iGaming operators. This results in a consistent approach to revenue recognition under IAS 18.

Other

Interest income is recognised in profit or loss for interest-bearing instruments as it accrues, on a time proportion basis using the effective interest method, unless collectability is in doubt.

Dividend income is recognised when the right to receive payment is established.

2.15 Non controlling interest

The Company has a 99.99% interest in all Maltese companies which represents controlling interest in these companies and therefore has consolidated its financial statements and has presented a non-controlling interest for the portion the Maltese companies that it does not own.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Financial liabilities

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as "Other liabilities) under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expires.

2.19 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effect interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2.20 Current and deferred taxation

Tax expense for the year comprises current and deferred tax. Tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxing authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Company files U.S. federal income tax returns and state income tax returns in Florida, New Jersey and California. Returns filed in these jurisdictions for tax years ended on or after 31 December 2015 are subject to examination by the relevant taxing authorities. The 2016 US federal income tax return of the Company is under audit by the Internal Revenue Service. As of the date of these financial statements, the audit is in its early stages and the outcome is unknown. In addition, Plc and its subsidiaries and GiG Properties file tax returns in Malta, Spain, Gibraltar, Norway and Denmark.

2.21 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.22 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the obligation to pay a dividend is established.

2.23 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3. Segment Information

IFRS 8 defines segments as business activities that may earn revenues or incur expenses, whose operating results are regularly monitored by the chief operating decision maker and for which discrete financial information is available. Reported information is based on information that management uses to direct the business. Segment disclosures are based on information management has reported to the chief operating decision maker.

The Company operates two segments, the Business to Consumer ("B2C") segment which includes the gaming operations directed towards end users, and the Business to Business ("B2B") segment which includes its iGC platform offering, sports trading, games and affiliate marketing. Asset and liability information is not presented by segments as such information is not used for monitoring purposes by the Company.

The Company operates in a number of geographical areas as detailed below:

2018 (EUR 1000)	B2C	B2B	ELIMINATIONS	TOTAL
Revenue	99,813	62,670	-11,111	151,372
Cost of sales	30,906	664	-4,212	27,358
Marketing expenses	46,138	5,793	-4,684	47,247
Operating income (loss)	-15,367	-518	-1,732	-17,617

2017 (EUR 1000)	B2C	B2B	ELIMINATIONS	TOTAL
Revenue	85,843	44,391	-9,811	120,423
Cost of sales	25,554	957	-5,990	20,521
Marketing expenses	48,806	2,069	-3,782	47,093
Operating income (loss)	-9,875	11,589	-105	1,609

2018 (EUR 1000)	B2C	B2B	TOTAL
Nordic countries	72,051	5,303	77,354
Europe excl. Nordic countries	22,885	37,505	60,390
Rest of world	4,876	8,752	13,628
Total	**99,812**	**51,560**	**151,372**

2017 (EUR 1000)	B2C	B2B	TOTAL
Nordic countries	59,381	-	59,381
Europe excl. Nordic countries	18,910	29,389	48,299
Rest of world	7,552	5,191	12,743
Total	**85,843**	**34,580**	**120,423**

The following table presents the Company's revenues by product line, net of intra-segment eliminations:

(EUR 1000)	2018	2017
B2C		
Casino	97,861	83,683
Sports	1,592	1,707
Poker	359	592
	99,812	**85,982**
B2B		
Performance marketing	29,308	15,922
Platform services	20,084	15,704
Other	2,168	2,815
	51,560	**34,441**
TOTAL	**151,372**	**120,423**

The following table presents the number of Company personnel by continent:

	2018	2017
Europe	704	510
North America	2	2
Total	**706**	**512**

Similarly, the Company has assets at 31 December 2018 and 2017 by continent:

EUR 1000	2018	2017
Europe	174,152	183,041
North America	15,879	22,621
Total	**190,031**	**205,662**

4. Financial Risk Managment

4.1 Financial risk factors

The Company's activities potentially expose it to a variety of financial risks principally comprising market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The Company provides principles for overall risk management. The Company did not make use of derivative financial instruments to hedge risk exposures during the current and preceding period.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the SEK, GBP, NZD, NOK, DKK, CAD, AUD and USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the Company's functional currency.

A sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been effected by changes in foreign exchange rates that were reasonably possible at the end of the period was deemed necessary for liabilities denominated in SEK. At the period end, had the SEK exchange rate strengthened or weakened against the euro by 1% with other variables held constant, the increase or decrease respectively in net assets of the Company would amount to EUR 644,136.

A sensitivity analysis for all other assets and liabilities was not deemed necessary on the basis that management considered it to be immaterial.

(ii) Price risk

Management does not consider the Company to be exposed to significant market risk in terms of the online casino since the outcome of wagers is based on a fixed winnings percentage.

The Company is exposed to market risk due to the possibility of an unfavourable outcome on events on which the Company has accepted bets. The Company has adopted risk management policies to mitigate this risk. Management monitors the odds real time to determine the appropriate risk levels for certain events and where possible reacts to large risks by, inter-alia, not accepting bets that exceed the maximum risk limit on an individual bet or by closing the event that was offered as a bet. The risk is spread across a large number of events and sports. The Company's exposure to open bets was not significant as at 31 December 2018 and 2017 and on this basis, management considers the potential impact on profit or loss of a shift in odds that is reasonably possible at the end of the reporting period to be immaterial.

Although the Company is also exposed to the possible effect which movements in equity markets may have on the value of the financial assets measured at fair value through other comprehensive income, management considers this risk to be immaterial.

The Company elected to present in OCI changes in the fair value of all its equity instruments previously classified as available for sale. As a result, assets with a fair value of EUR 1,866,750 were reclassified from available-for-sale financial assets at FVOCI and fair value gains of EUR 1,177,665 were reclassified from the available-for-sale assets reserve to FVOCI on 1 January 2018.

(iii) Fair value interest rate risk

The Company's significant instruments which are subject to fixed interest rates comprise the bonds issued (Note 6). In this respect, the Company is potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

(b) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from outstanding receivables due to the Company's customers and cash and cash equivalents.

The Company assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has processes in place to ensure that sales of products and services are effected to customers with an appropriate credit history. The Company monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the Company's receivables taking into account historical experience in collection of accounts receivable.

The Company seeks to manage credit risk by only undertaking transactions with counterparties which include financial institutions or intermediaries and payment providers with quality standing. Control structures are in place to assess credit risk on similar lines.

Impairment of financial assets

The Company has two types of financial assets that are subject to the expected credit loss model:

- trade receivables; and
- other financial assets carried at amortised cost

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over 5 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company carried out an assessment of the provision that would have been required based on the above methodology as at 1 January 2018 and 31 December 2018 and concluded that the required additional provision calculated using IFRS 9 principles was not materially different than what had been already accounted for under IAS 39.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

Previous accounting policy for impairment of financial assets

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables, the estimated impairment losses were recognised in a separate provision for impairment. The Company considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganisation; or
- default or late payments.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Other than trade receivables for which provisions for impairment of EUR 267,459 (2017: EUR 112,149) have been recorded, the Company did not hold any material past due but not impaired financial assets as at 31 December 2018 and 2017. The Company manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers and partners are within controlled parameters. The Company's receivables, which are not impaired financial assets, are principally debts in respect of transactions with partners for whom there is no recent history of default. Management does not expect any losses from non-performance by these partners.

(c) Financial assets at fair value through P&L

The Company is also exposed to credit risk in relation to a loan due from D-Tech Limited which has been measured at fair value through the P&L and the maximum exposure at the end of the period is the carrying amount of EUR 145,254.

(d) Liquidity risk

The Company and the Parent are exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables, interest on bonds and loans (refer to Notes 6, 19 and 20). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company and Parent's obligations.

Management monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. The Company's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the Company's financing that it can access to meet liquidity needs. In this respect management does not consider liquidity risk to the Company as significant taking into account the liquidity management process referred to above.

4.2 Capital risk management

The Company's capital comprises its equity as included in the statements of financial position. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's capital structure (including the additional paid-in capital) is monitored at a Company level with appropriate reference to subsidiaries' financial conditions and prospects.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

4.3 Fair values of financial instruments

Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

EUR 1000	Company		Parent	
Assets (level 3):	**2018**	**2017**	**2018**	**2017**
Financial assets at fair value through profit or loss (recorded in other non-current assets):				
Derivative instruments - purchase call options	206	206	-	-
Available-for-sale financial investments:				
Equity securities - unlisted equities	1,852	1,867	1,852	1,867
Total assets	**2,058**	**2,073**	**1,852**	**1,867**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data, where it is available, and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Specific valuation techniques include option pricing models, and all fair values represent the present value of the estimated cash flows.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Company and Parent's instrument included in level 3 comprise a private equity investment, disclosed in Note 12 and 13 of these financial statements, which also includes a reconciliation from opening to closing value of the instruments. Level 3 valuations are reviewed regularly by management.

There were no transfers between levels of the fair value hierarchy during 2018 and 2017.

Financial instruments not carried at fair value

As at 31 December 2018 and 2017 the carrying amounts of cash at bank, receivables, payables, and borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The bond is held at amortised cost and the fair value is disclosed in note 6.

5. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Company and Parent make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, other than the uncertainty associated with the legal environment that the Company operates in (disclosed in Note 35), are addressed below.

Company and Parent

(i) Fair value of available-for-sale financial asset and related derivative instrument

During 2015, the Company, acquired an available-for-sale financial asset for a consideration of EUR 689,085. During 2017, the asset has been revalued based on a recent transaction which took place during the year between a subsidiary in which the Company holds its investment and third parties. Further information is included in Note 12 to the financial statements. As at 31 December 2018, management believes that the fair value as at 31 December 2017 is still indicative of the present fair value other than the impact of the foreign currency exchange.

Company

(i) Impairment test of goodwill and other intangible assets with indefinite lives

The Company tests whether goodwill and other intangible assets with indefinite lives have suffered any impairment on an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which are based on management assumptions. As disclosed in Note 8, the calculations are based on cash flow projections reflecting the financial budget approved by the Company's Board for 2019, the projection of free cash flow to be generated in 2020, 2021 and 2022 as well as an estimate of the residual value. The residual value captures the perpetual cash flows to be generated after the explicit period based on the projected free cash flows to be generated in 2022 capitalised using the post-tax discount rate applied in the value-in-use calculation, net of the assumed perpetual growth rate. The perpetual growth rate is assumed at 2% based on the estimated long term inflation rate.

The assumptions used in the value-in-use calculations may vary and are inherently uncertain particularly for a fast growing group which is still in development. A detailed analysis for each CGU disclosed below.

Business-to-Customer CGU

The Company's strategy after Q2 2018, was to streamline marketing focus on fewer brands, and achieve a higher retention rate. This resulted in a close to break-even year for the business-to-customer CGU achieving a profit making second half of the year.

The Company is anticipating higher growth for brands such as Rizk, which continues to perform well. The Company has acquired a Schleswig-Holstein license through the acquisition of Nordbet GMBH during the year whilst also securing Swedish gambling licenses following re-regulation of the Swedish market increasing the sustainability of its current revenues. Management also expects that the newly refurbished brand Thrills.com re-launched as a 'no account casino' will also contribute towards increasing profitability during 2019. On this basis, management considers that the goodwill of this CGU is not impaired. At the same time, management acknowledges that this judgement is inherently uncertain, and is dependent upon future performance and market factors.

Included within the business-to-customer CGU are domains with a value of EUR 23.7 million. Due to the change in strategy by the Company to streamline marketing focus on fewer brands, management has conducted an impairment review as the projected free cash flow from these domains were impacted by such change in strategy. Following the impairment review, management has decided to impair these domains by EUR 13.7 million decreasing the value of such domains to EUR 10.0 million. The remaining domain value is dependent upon the success of the revised strategy, including the newly launched 'no account casino'.

Business-to-Business CGU

The business-to-business CGU is composed of two main business activities which is performance marketing and technology services.

With regard to performance marketing, management considers that the impairment assessment on this activity is less sensitive due to the level of headroom between the reported intangible assets and the respective value-in-use.

With regard to technology services, during 2018, the Company has decided to invest into two main projects i.e. building a new sportsbook together with a games studio. The revenues generated from this activity in the short term are impacted by the termination of a significant business-to-business contract. Due to the start-up nature of such activities, the value-in-use of technology services are being supported by the residual value and the achievement of targets will influence the impairment assessment for this CGU.

(ii) Valuation of share options

As explained in Note 22 the Company operates equity-settled share-based compensation plans under which the Company receives services from employees as consideration for equity instruments of the Company. In order to determine the fair value of services provided, the Company estimates the fair value of the ordinary shares as of each grant date using the Black-Scholes valuation model. Refer to Note 22 for a summary of the inputs used and other assumptions made on calculating the fair value of share options granted as part of the share-based payment scheme.

6. Bond Payable

In March 2017, the Parent issued a SEK 400 million senior secured bond in the Nordic bond market, with a SEK 1,250 million borrowing limit and a final maturity in March 2020. The bond issue has a fixed interest of 7% per annum payable six months in arrears on 6 March and 6 September each year. Net proceeds from the bond issue was used for acquisition of affiliate markets, paying off existing debt in full, as well as towards general corporation purposes. The bonds are registered in the Norway Central Securities Depository and listed on the Oslo Stock Exchange.

The bond was initially drawn on 6 March 2017 with a subsequent issue of SEK 250 million on 14 September 2017 for a total of SEK 650 million. The outstanding balance at 31 December 2018 was EUR 64,229,542 with accrued interest of EUR 2,082,455. Total interest expense for the year was EUR 4,855,424.

The guarantors to the bond, GiG, Innovation Labs Limited, MT Securetrade Limited, NV Securetrade and Zecure Gaming Limited (the issuer's subsidiaries), are jointly and severally with the issuer and between themselves, guaranteeing the repayment of the nominal value of the bonds on the redemption date and of the interest amounts of the bonds on each interest payment date. The guarantors irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the issuer under the bonds.

The quoted market price of the bonds at 31 December 2018 was SEK 646,750,000, (€63,068,027) (2017: SEK 661,115,000 (€67,160,548), which in the opinion of the management fairly represents the fair value of these liabilities. The fair value estimate in this respect is deemed to fall under level 1 of the fair value measurement hierarchy as it constitutes a quoted price in an active market.

The bonds are redeemable at par (SEK 1,000,000 per bond) and at the latest are due for redemption on 6 March 2020. The bonds are redeemable in whole or in part at a premium at the issuer's sole discretion on any date falling between 6 March 2017 and 6 March 2020. In the opinion of management, the Company will not avail of such option and will redeem at final maturity date.

The amount of transaction costs capitalised as part of borrowings was EUR 1,750,454.

7. Acquisitions

In February 2017, the Company agreed to purchase affiliate assets for a total consideration of EUR 3,460,855. The acquisition was finalised in April 2017 and was paid with proceeds from the senior secured bond. The consideration paid has been allocated with EUR 2,480,487 to domains/search engine optimisation (SEO) and the balance EUR 980,368 to affiliate contracts with amortised lives of eight and three years, respectively.

In March 2017, the Company entered into an agreement to purchase affiliate website Casinotopsonline.com including all related assets for a consideration of EUR 11,500,000. The acquisition was finalised in April 2017 and was paid with proceeds from the senior secured bond. The consideration paid has been allocated with EUR 9,107,854 to domains/SEO and the balance EUR 2,392,146 to affiliate contracts with amortised lives of eight and three years, respectively.

In April 2017, the Company entered into an agreement to purchase an affiliate network for a total consideration of EUR 5,700,000. The acquisition was finalised in May 2017 and was paid with proceeds from the senior secured bond. The consideration paid has been allocated with EUR 4,418,596 to domains/SEO, EUR 200,000 to a consultancy agreement that is amortised over 2 years, and the balance EUR 1,081,404 to affiliate contracts with amortised lives of eight and three years respectively.

In July 2017, the Company entered into an agreement to purchase affiliate assets from STK Marketing Ltd. for the amount of NOK 240 million (EUR 26,084,690). The transaction was closed as of 1 August 2017. The acquisition was settled primarily with proceeds from the senior secured bond. The first half of the settlement was paid at closing and the remainder was paid in December 2017. The consideration paid has been allocated with EUR 20,088,990 to domains/SEO and the balance EUR 5,995,700 to affiliate contracts.

In September 2017, the Company entered into an agreement to purchase Rebel Penguin ApS for the amount of EUR 12,698,522. The transaction was closed as of 26 September 2017. The acquisition was settled with proceeds from the senior secured bond (EUR 9,119,996) and the transfer of 7,165,000 treasury shares with a market value of EUR 3,578,526. The acquired domains are valued at EUR 899,175 and amortised over an expected life of eight years and the acquired affiliate contracts are valued at EUR 267,736 and are amortised over an expected life of three years. The acquired proprietary technology is valued at EUR 5,665,352 and is amortised over three years. Goodwill of EUR 5,581,434 represents the excess of acquired assets over the consideration price. The table below summarises the price paid and the fair value of the acquired assets and assumed liabilities:

Purchase price allocation - Rebel Penguin	EUR 1000
Consideration:	
Treasury shares transferred	3,578
Cash	9,120
Consideration price	**12,698**
Asset valuation:	
Property, plant and equipment	121
Current assets	736
Liabilities	-572
Affiliate contracts	268
Domains	899
Proprietary technology	5,665
Asset valuation	**7,117**
Goodwill	**5,581**

The acquired operations of Rebel Penguin ApS contributed EUR 1.6 million to the Company's revenues and if the acquisition disclosed above had occurred on 1 January 2017, consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been EUR 124,378,822 and EUR 2,454,851, respectively.

As at end of 2017, the Company had assets not yet in use comprising of EUR 755,000 relating to source code purchased to be used in the development of games as well as capitalised expenses amounting to EUR 842,978 in relation to the sports product line. Both assets relate to products which have been launched during 2018. The Company had no assets not yet in use at the end of 2018.

In March, 2018 the Company acquired the German sports betting company Nordbet for EUR 500,000, which holds a sports betting license in the German state Schleswig-Holstein.

Furthermore, during 2017 Spaseeba AS merged into GiG Norway AS. This transactions did not have any impact on the Company.

8. Goodwill and Intangibles

A reconciliation of goodwill and intangibles for the years ended 31 December 2018 and 2017 is as follows:

Company (EUR 1000)	Goodwill	Trade-marks	Domains	Platform	Affiliate contracts	Computer software	Non-compete agreement	Other	Total
Balance 1 January 2017	**63,955**	**-**	**34,024**	**3,220**	**3,135**	**472**	**211**	**142**	**105,159**
Additions	-	850	36,244	6,112	10,240	833	200	-	54,479
Betit - revised	423	-	-	-	-	-	-	-	423
Acquisitions through business combinations:									
Rebel Penguin ApS	5,582	-	899	5,665	268	-	-	-	12,414
Exchange Differences	-516	-	-188	-149	-69	-	-	-	-922
Amortisation Charge	-	-	-3,953	-2,426	-3,195	-290	-141	-107	-10,112
Balance 31 December 2017	**69,444**	**850**	**67,026**	**12,422**	**10,379**	**1,015**	**270**	**35**	**161,441**
Additions	-	5	-	6,759	-	2,194	-	500	9,458
Acquisitions upon merger	-	-	-39	-	-	20	-	-	-19
Impairment losses	-	-	-13,726	-	-	-	-	-	-13,726
Exchange Differences	126	-	655	-1,109	277	-	1	193	143
Amortisation Charge	-	-1	-6,008	-6,602	-4,441	-1,157	-229	-36	-18,474
Balance 31 December 2018	**69,570**	**854**	**47,908**	**11,470**	**6,215**	**2,072**	**42**	**692**	**138,823**

Parent (EUR 1000)	Platform	Computer software	Total
Balance 1 January 2017			
Additions	75	9	84
Amortisation	-4	-1	-5
Balance 31 December 2017	**71**	**8**	**79**
Amortisation	-42	-4	-46
Balance 31 December 2018	**29**	**4**	**33**

Impairment test for goodwill and intangible assets with indefinite useful lives

The Company's reported goodwill primarily arises as a result of the acquisitions of Betit Holding Limited, OddsModel AS during 2016 and Rebel Penguin ApS during 2017 (Note 7) as well as from the reverse merger in 2015. Additionally, the Company has a number of intangible assets (domains) with indefinite lives, acquired through the acquisition of Plc and Betit Holdings and through other separate purchases during 2017 and 2016.

The Company tests whether goodwill and other intangible assets with indefinite lives have suffered any impairment on an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which are based on management assumptions. As disclosed in Note 8, the calculations are based on cash flow projections reflecting the financial budget approved by the Company's Board for 2019, the projection of free cash flows to be generated in 2020, 2021 and 2022 as well as an estimate of residual value. The residual value is based on the projected free cash flows to be generated in 2022. Free cash flows are capitalised based on the post-tax discount rate applied in the value-in-use calculation, net of the assumed growth rate. The growth rate is assumed at 2% based on the estimated long term inflation rate.

For each of the CGUs with significant amount of goodwill and indefinite-lived intangible assets, the carrying amounts, key assumptions and discount rate used in the value-in-use calculations are as follows:

	Cash-Generating unit			
EUR 1000	B2B		B2C	
Carrying amounts:	**2018**	**2017**	**2018**	**2017**
Goodwill	41,989	41,989	27,581	27,581
Intangible assets with indefinite lives	10,544	17,864	309	309
	52,533	**59,853**	**27,890**	**27,890**

The key assumptions on which management has based its impairment test are based on the cash flow projections reflecting actual income from operations in the current year, the budget for the following year as confirmed by the entity's Board and an estimate for years 2020 - 2022 includes (2017: 2019 – 2021):

- Revenue percentage annual growth rate;
- Gross margin;
- Total operating expenses percentage annual growth rate; and
- EBITDA margin.

The post-tax discount rate applied to the cash flow projections was 15% (2017: 15%) for each CGU. The perpetual growth rate, as assumed in the CGUs' residual value, is assumed at 2% (2017: 2%) based on the estimated long term inflation.

Business-to-Consumer CGU

The Company tests whether goodwill and other intangible assets with indefinite lives have suffered any impairment on an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which are based on management assumptions

The assumptions used in the value-in-use calculations may vary and are inherently uncertain particularly for a fast growing group which is still in development. Sensitivity for each CGU disclosed below.

As disclosed in Notes 2 and 3, this segment reported losses in 2018, and certain domains were impaired following re-focus of the Company's strategy. Management considers that the goodwill of this CGU is not impaired on the basis of various actions that have been taken, and an assessment of future cash flows. Such cash flows are inherently uncertain, including the underlying assumptions. Sensitivity of the impairment assessment to future variations in cash flows and assumptions is outlined below.
Based on the Company's revised strategy for the CGU including planned improvements in 2019, and various initiatives in cost savings, management's projections assume a c. 45% compounded annual growth rate in annual EBITDA over the explicit period (2019-2022). In order to sustain the current level of goodwill and intangible assets with indefinite useful lives attributed to this CGU, the minimum compounded annual growth rate required in annual EBITDA over the explicit period (2019-2022), is c. 14%.

Furthermore, management's projections for the "no-account" casino project revenues generated by this domain at a compounded annual growth rate of c. 12%. Failure to achieve the projected growth rates, will result in further impairment of this domain, which is currently carried at a value of EUR 9,829,267.

Business-to-Business CGU

The business-to-business CGU is composed of two main business activities which is performance marketing and technology services.

With regard to performance marketing, management considers that the impairment assessment on this activity is less sensitive due to the level of headroom between the reported intangible assets and the respective value-in-use.

With regard to technology services, during 2018, the Company decided to invest into two main projects i.e. building a new sportsbook together with a games studio. Due to the projected investment in this segment, and the start-up nature of such activities, management considers this impairment assessment to be more uncertain. Goodwill attributed to this CGU was EUR 11.9 million as at 31 December 2018.

9. Property, Plant and Equipment

Company (EUR 1000)	Installations and improvement to premises	Furniture & fittings	Computer & office equipment	Buildings	Total
At 1 January 2017					
Cost	301	438	745	-	1,484
Accumulated Depreciation	-75	-109	-341	-	-525
Net book amount	**226**	**329**	**404**	**-**	**959**
Year ended 31 Dec 2017					
Opening net book amount	226	329	404	-	959
Acquisition of subsidiaries	96	-	25	-	121
Additions	983	525	1,597	712	3,817
Depreciation charge	-200	-165	-434	-	-799
Closing net book amount	**1,105**	**689**	**1,592**	**712**	**4,098**
At 31 December 2017					
Cost	1,380	963	2,367	712	5,422
Accumulated Depreciation	-275	-274	-775	-	-1,324
Net book amount	**1,105**	**689**	**1,592**	**712**	**4,098**
Year ended 31 Dec 2018					
Opening net book amount	1,105	689	1,592	712	4,098
Additions	1,039	405	1,067	-	2,511
Acquisitions upon merger	-	-	1	-	1
Depreciation charge	-453	-252	-794	-	-1,499
Closing net book amount	1,691	842	1,866	712	5,111
At 31 December 2018					
Cost	2,419	1,368	3,434	712	7,933
Acquisitions upon merger	-	-	1	-	1
Accumulated Depreciation	-728	-526	-1,569	-	-2,823
Net book amount	**1,691**	**842**	**1,866**	**712**	**5,111**

10. Investments in Subsidiaries

Parent (EUR 1000)	2018	2017
Year ended 31 December		
Opening net book amounts	114,688	111,204
Additions	37,103	3,484
Closing net book amount	**151,791**	**114,688**
As at 31 December		
Cost and carrying amonut	151,791	114,688

Various entities within the Company have been merged as follows:

- Betit Holdings Limited and Haus of Lenny Limited have been merged into the Company
- Candid Gaming Limited, a subsidiary of the ultimate parent entity has been merged into MT Securetrade Limited
- Gridmanager Limited, a subsidiary of the ultimate parent entity as well as Bettingcloud Limited have been merged into iGamingCloud Limited.

On 26 March 2018, the Company acquired the German sports betting company Nordbet for EUR 500,000, which holds a sports betting licence in the German state, Schleswig-Holstein. Furthermore other entities were incorporated during the year for the purpose of operating in the Swedish and Spanish markets.

During 2017, the Company acquired of 100% of the ordinary share capital of Rebel Penguin ApS.

See Note 7 for details of the above listed acquisitions.

During 2017, the Company acquired a 20% shareholding in D-Tech International Limited for a consideration of EUR 200,000.

The subsidiaries at 31 December 2018 and 2017, whose results and financial position affected the figures of the Company are shown below:

Subsidiaries	Country of incorporation	Class of shares held	Percentage of ownership and voting rights held directly by the parent		Percentage of ownership and voting rights held by the company	
			2018	2017	2018	2017
NV Securetrade	Curacao	Ordinary shares	-	-	100	100
iGamingcloud NV	Curacao	Ordinary shares	-	-	100	100
Innovation Labs Limited	Malta	Ordinary shares	100	100	100	100
MT Secure Trade Limited	Malta	Ordinary shares	100	100	100	100
iGamingcloud Limited	Malta	Ordinary shares	100	100	100	100
Bettingcloud Limited	Malta	Ordinary shares	-	100	-	100
Zecure Gaming Limited	Malta	Ordinary shares	100	100	100	100
Online Performance	British Virgin Islands	Ordinary shares	100	100	100	100
iGaming Cloud SLU	Spain	Ordinary shares	-	-	100	100
iGaming Cloud (Gilbraltar) Ltd	Gilbraltar	Ordinary shares	-	-	100	100
GiG Norway AS	Norway	Ordinary shares	100	100	100	100
Betit Holdings Limited	Malta	Ordinary shares	-	100	-	100
Betit Operations Limited	Malta	Ordinary shares	-	-	100	100
Pronzo Entertainment B.V	Curacao	Ordinary shares	-	-	100	100
Mavrix Technologies SL	Spain	Ordinary shares	-	-	100	100
Haus of Lenny Limited	Malta	Ordinary shares	-	-	100	100
Mavrix Activities Limted	Gilbraltar	Ordinary shares	-	-	100	100
Mavrix 5 X 5 Limited	Gilbraltar	Ordinary shares	-	-	100	100
Mavrix Services Limited	Gilbraltar	Ordinary shares	-	-	100	100
Mavrix Promotions Limited	Gilbraltar	Ordinary shares	-	-	100	100
Mavrix Holding Limited	Gilbraltar	Ordinary shares	-	-	100	100
Gaming Innovation Group Inc.	USA	Ordinary shares	100	100	100	100
GIG Central Services Limited	Malta	Ordinary shares	100	100	100	100
Rebel Penguin ApS	Denmark	Ordinary shares	-	-	100	100
iGamingCloud Inc.	USA	Ordinary shares	-	-	100	100
GiG Properties Inc.	Malta	Ordinary shares	-	-	100	100
Nordbet GmbH	Germany	Ordinary shares	100	-	100	-
Kaboo Services Limited	Malta	Ordinary shares	100	-	100	-
Thrills Services Limited	Malta	Ordinary shares	100	-	100	-
Guts Services Limited	Malta	Ordinary shares	100	-	100	-
Highroller Services Limited	Malta	Ordinary shares	100	-	100	-
GiG Operations plc	Malta	Ordinary shares	100	-	100	-

Under Maltese law, certain corporations are required to be owned by a minimum of two entities/persons, as such in some 1 share is owned by the Chief Operating officer of the Company or fiduciary agent (see Note 2.15 Non-Controlling interest).

11. Financial Assets at Fair Value through other Comprehensive Income

	Company and Parent	
EUR 1000	2018	2017
At 1 January	-	-
Reclassification from available-for-sale financial assets (Note 11)	1,867	-
Exchange differences	-15	-
At 31 December	**1,852**	**-**

During 2015, the Company purchased shares in Easy Payment Gateway Limited. These shares, which represent an ownership interest of 10%.

As mentioned in note 4.1, during the current year, the Company has elected to present in OCI changes in the fair value of all its equity investments previously classified as available for sale (note 12).

During 2017, the asset was revalued to EUR 1,866,750 based on a transaction which took place during the year between the above mentioned company and third parties. The fair value movements amounting to EUR 1,280,583 were recognised in other comprehensive income.

During 2018, the asset was revalued to EUR 1,851,516 to reflect exchange rate movements. The fair value movement amounting to EUR 15,234 was recognised in other comprehensive income.

As at 31 December 2018, management believes that the fair value as at 31 December 2017 is still indicative of the present fair value other than the impact of the foreign currency exchange.

12. Available-for-Sale Financial Assets

	Company and Parent	
EUR 1000	2018	2017
At 1 January	1,867	586
Reclassification to financial assets at fair value through other comprehensive income (Note 11)	-1,867	1,281
At 31 December	**-**	**1,867**

13. Derivative Financial Assets (recorded in other non-current assets)

	Company and Parent	
EUR 1000	2018	2017
Call option to acquire intangible assets Non-current		
At 31 December	**206**	**206**

Valuation of call option to acquire intangible assets

During 2016, the Company acquired the right to buy the remaining 50% of the risks and rewards of development domains' at any time during March 2017 and March 2018. The purchase price payable by the Company upon exercise is calculated using a specified price mechanism, equating to the revenue generated by the development domains during a period of six months prior to the exercise date, on which a 2.5x multiple will be applied.

At initial recognition, the fair value of the acquired option was estimated to amount to EUR 205,714. The fair value of the option represents the difference between the consideration payable as determined by the above-mentioned price mechanism (established in the purchase contact), compared with the price payable if an industry multiple would have been applied to the mechanism determining the consideration payable by the Company. Based on past acquisitions of similar domains, management believes that a multiple of 4x revenue generated by domains is a fair representation of an industry multiple. A discount rate of 15% was used to calculate present value of the derivative, both at initial recognition, and at year end.

Management estimates that as at 31 December 2018 and 2017, using the same inputs above, the fair value of the derivative remains substantially unchanged and accordingly no fair value movements were recognised in profit and loss for the year.

Adjusting the valuation by increasing/decreasing the industry multiple would result in the fair value of the option increasing/ decreasing respectively. Management envisages that a reasonable shift in the unobservable inputs used in the valuation would not have a significant impact on the amounts on consolidated profit or loss and total assets.

The Company has not exercised its option to acquire the remaining 50% of the risks and rewards of 'development domains' in March 2018. Both parties agreed to extend the exercise period by a further twelve months. The option will now expire in 2019.

14. Financial Assets at Fair Value through Profit or Loss

EUR 1000	B2B		B2C	
	2018	**2017**	**2018**	**2017**
Financial assets at fair value	145	-	145	.

During the year, the company issued a loan of EUR 145,254 to D-Tech. The loan is subject to fixed interest at the rate of 8.00% and is repayable in June 2020 and carries the option to be converted into ordinary shares. As a result, this investment was classified at fair value through profit or loss. Any fair value changes are immaterial in the current year. Management will re-assess the option at each reporting period end.

15. Trade and other Receivables

	Company		Parent	
EUR 1000	2018	2017	2018	2017
Trade receivables - gross	6,485	8,040	-	-
Less provision for impairment	-267	-112	-	-
Net	**6,218**	**7,928**	**-**	**-**
Amounts due from payment providers	12,359	11,221	-	-
Amounts due from subsidiaries	**-**	**-**	**27,904**	**73,406**
Amounts due from related parties	565	-	-	-
Other receivables	7,369	2,656	43	-
Accrued income	35	76	-	-
Prepayments	1,927	2,888	4	-
Balance sheet	**28,473**	**24,769**	**27,951**	**73,406**

16. Cash and Cash Equivalents

Cash and cash equivalents recorded in the Statements of Financial Position and the Statements of Cash Flows comprise the following:

	Company		Parent	
EUR 1000	2018	2017	2018	2017
Cash and cash equivalents	14,669	12,079	29	309
Restricted cash	-8,523	-6,233	-	-
Cash, net of restricted cash	**6,146**	**5,846**	**29**	**309**

Included in the Company's cash in bank are amounts of EUR 8,522,974 (2017: EUR 6,233,277) that are held in a fiduciary capacity and represent customer monies, whose use is restricted in terms of the Remote Gaming Regulations,. 2004 and UK Gambling Act, 2005.

17. Prepaid and Other Current Assets

Other current assets include prepayments to vendors and advances to employees incurred in the normal course of business.

18. Other Non-Current Assets

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

19. Trade and Other Payables

The amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

	Company		Parent	
EUR 1000	2018	2017	2018	2017
Trade payables	7,206	8,573	6	133
Jackpot balances	2,151	-	-	-
Players' accounts	6,372	3,913	-	-
Amounts due to subsidiaries	-	-	-	-
Amounts due to related parties	6	-	-	3,847
Other payables	6,896	6,435	115	25
Accruals and deferred income	3,579	9,262	41	78
Indirect taxation	7,994	385	-	-
	34,204	**28,568**	**162**	**4,083**

20. Short Term and Long Term Loans Payable

In In December 2015, the Company entered into two revolving loan facilities: (a) DKK 4,000,000 with a Danish bank with an interest rate of 10% per annum and maturity on 1 January 2018 and (b) NOK 9,700,000 with a shareholder with an interest rate of 10% per annum due on demand at monthly intervals, that was increased to NOK 19,200,000 in July 2016. These two loan facilities were repaid in April 2017.

In July 2017, the Company, utilising the revolving loan facility with a shareholder noted above, borrowed an additional NOK 15,000,000 and, in August 2017, borrowed an additional NOK 4,000,000. This loan facility was repaid in September 2017.

In December 2017, the Company, utilising the revolving loan facility with a shareholder noted above, borrowed NOK 10,000,000 with an interest rate of 10% per annum due on demand at monthly intervals. In March and May 2016, the Company entered into loan agreements with shareholders for NOK 17,500,000 and EUR 300,000 with an interest rate of 10% per annum. The loans had maturity dates ranging from 31 May 2016 through 31 December 2016. In December 2016, this loan facility was refinanced and increased by NOK 13,000,000 for a total of NOK 31,500,000 as of 31 December 2016, and maturity was extended to 30 June 2017. Close associates of Helge Nielsen and Jon Skabo, board members of the Company, participated in the loan with NOK 3,500,000 and NOK 1,500,000 respectively. These loan agreements were repaid in April 2017.

In December 2018, the Company utilizing the revolving loan facility with the shareholder noted above, borrowed NOK 9,000,000 with an interest rate of 10% per annum due on demand at monthly intervals. Also in December 2018, the Company entered into a loan agreement for NOK 6,000,000 with an interest rate of 10% per annum with maturity on 30 November 2019.

Short-term loans outstanding balances at 31 December 2018 and 2017 were EUR 616,770 and 0, respectively with accrued interest of EUR 4,562 and 0, respectively. Long term loans outstanding balances at 31 December 2018 and 2017 were EUR 1,953,105 and EUR 1,015,935 respectively with accrued interest of EUR 0 and EUR 8,628, respectively.

21. Deferred Income Taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The following amounts are shown in the statements of financial position after appropriate offsetting:

	Company		Parent	
EUR 1000	**2018**	**2017**	**2018**	**2017**
Deferred tax asset to be recovered in more than 12 months	60	616	-	-
Deferred tax liability to be recovered in more than 12 months	-955	-829	-448	-448
	-895	**-213**	**-448**	**-448**

The movement on the deferred income tax account is as follows:

	Company		Parent	
EUR 1000	**2018**	**2017**	**2018**	**2017**
As at 1 January	**-213**	**356**	**-448**	**-**
Deferred tax assets acquired upon merger	183	-	-	-
Deferred tax liability on temporary differences recoqnised on profit or loss	-865	-481	-	-448
Deferred tax liability arising from acquisition of subsidiary	-	-88	-	-
As at 31 December	**-895**	**-213**	**-448**	**-448**

Deferred taxes are calculated based on temporary differences under the liability method using the principal tax rate within the relevant jurisdiction. The year-end balance comprises:

		Company		Parent
EUR 1000	2017	2016	2017	2016
Net operating loss carryforwards from US operations after adjustment in 2017 for a one-time tax on accumulated earnings of non-us subsidiaries and restatement for new US tax rates	11,916	10,080	-	-
Future tax credits on subsidiaries undistributed profits	60	616	-	-
Temporary differences arising due to differences between the tax base and carrying base of intangible assets	1	1	-	-
Differences between the tax base and carrying amounts of available for sale investments	-	-	(448)	(448)
Temporary differences arising on differences between the tax base and carrying base of intangible assets	-1,315	(867)	-	-
Capital allowances and tax losses	348	31	-	-
Net valuation allowance on US net operating losses	(11,916)	(10,080)	-	-
Temporary differences arising on provision for impairment of receivable	11	6	-	-
TOTAL	**(895)**	**(213)**	**(448)**	**(448)**

The Company did not recognise deferred income tax assets on its European operations of EUR 13,283,706 (2017: EUR 9,380,914) with respect to tax losses, unabsorbed capital allowances and net of taxable temporary differences arising on intangibles and other assets of EUR 221,205 (2017: EUR 904,968). These give rise to a net deferred tax asset of EUR 13,062,501 (2017: EUR 423,797).

As at 31 December 2018, the Company had approximately EUR 42,559,000 of net operating loss carry-forwards from its previous operations in the U.S. as well as 2018 adjusted for exchange fluctuations. The availability to offset income taxes in future years in the United States of America was restricted because the Company underwent an ownership change. For the period ended December 31, 2018, the Company incurred taxable losses for U.S. domestic income tax purposes and, as such, had no related U.S. federal or state income tax expense.

In assessing the realisability of the deferred tax assets related to net operating losses from its US operations, management considered whether it is probable that some portion or all of the deferred tax assets will not be realised. The realisation of deferred tax assets depends on the Company's ability to generate taxable income in the future. The Company has determined that it is uncertain to what extent it will realise the benefit of its deferred tax assets and as such has recorded an allowance against 100% of its deferred balance.

22. Equity

Oslo Bors Registration

The Company’s shares are traded on the Oslo Stock Exchange (“Oslo Bors”) with the “GiG” ticker symbol and on Nasdaq Stockholm (“Nasdaq”) from 26 March 2019 with the “GIGSEK” ticker symbol.

Authorized Shares

A special meeting of the shareholders was held on 11 December 2018. Shareholders approved a 10-for-1 reverse split of the Company’s common stock. The Shareholders also approved an increase in the authorized shares from 95,000,000 (after the reverse split) to 100,000,000, each with a par value of USD 1.00.

On 27 December 2018 the Company completed the 10-for-1 reverse split. The number of outstanding shares on 27 December 2018 was 89,565,626 each with a par value of USD 1.00 with the authorized shares at 100,000,000.

On 31 December 2018 the Company issued 440,000 shares of common stock in connection to the options exercised during 2018. During 2018, employees in the Company exercised options to buy 440,000 shares which were transferred during the year to the employees by way of borrowing shares from a shareholder. The new shares issued on 31 December 2018 have been transferred back to the lender. 90,005,626 shares (par value USD 1.00) were outstanding as of 31 December 2018, where of the Company owned no treasury shares.

Share Based Payment Option Plans

The Company has various share based payment plans. The Company’s 2006 option plan provides for the total number of options available for grants to be limited to 10% of the outstanding shares at the time of any grant and limits the amount of options that may be granted to non-employee directors to no more than 20%. Options granted under the 2006 Plan may be incentive or non-qualified stock options, as determined by management at the time of the grant. Incentive stock options are generally granted at a price not less than the fair market value of the stock on the date of the grant. Non-qualified stock options may be granted at a price to be determined by management, which may be equal to, greater than, or less than the fair market value at the date of the grant.

Option vesting terms are established by the Board at the time of the grant. The expiration dates of all options granted are determined at the time of the grant and may not exceed ten years from date of the grant. The fair value of stock options granted to employees and directors is determined using the Black-Scholes option-pricing model.

In June 2015, a total of 240,000 options were granted to key employees at an exercise price of NOK 12.50 per share. The options are exercisable in three equal tranches between: (a) 27 May to 27 June 2016, (b) 27 May to 27 June 2017 and (c) 27 May to 27 June 2018. Any shares received upon exercise of the options shall be subject to a lock-up until 27 May 2018.

In August 2015, a total of 45,000 options were granted to key employees at an exercise price of NOK 15.00 per share. The options are exercisable in three equal tranches in June 2016, June 2017 and June 2018. Any shares received upon exercise of the options shall be subject to a lock-up until June 30, 2018.

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In October 2015, a total of 220,000 options were granted to key employees at an exercise price of NOK 15.00 per share. Of the options granted, 70,000 are exercisable in three equal tranches in October 2016, October 2017 and October 2018. The remaining 150,000 options were exercisable in April 2018, pending fulfilment of certain operational targets. All options are conditional upon employment at the time of exercise.

In February 2016, 150,000 options were granted to a key employee at an exercise price of NOK 24.00 per share. The options are exercisable in three equal tranches in February 2018, February 2019 and February 2020. Any shares received upon exercise of the options shall be subject to a one year lock-up from exercise.

In May 2016, a total of 222,000 options were granted to key employees at an exercise price of NOK 40.00 per share. Of the options granted, 72,000 are exercisable in three equal tranches in May 2018, May 2019 and May 2020. The remaining 150,000 options are exercisable in three equal tranches in September 2018, September 2019 and September 2020. All options are conditional upon employment at the time of exercise.

Also in May 2016, 100,000 options were granted to a key employee at an exercise price of NOK 37.70 per share. The options are exercisable with 50% until 20 May 2017 and 50% from 20 May 2017 to May 2018.

In February 2017, 1,027,500 options were granted to key employees at an exercise price of NOK 40.00 per share. The options are exercisable in three tranches: 20% in January 2018, 30% in January 2019 and 50% in January 2020. Any shares received upon exercise of the options shall be subject to a one year lock-up from exercise.

In July 2017, 235,000 options were granted to key employees at an exercise price of NOK 60.00 per share (192,500 expired during 2017). The options are exercisable in three tranches: 20% in July 2018, 30% in July 2019 and 50% in July 2020. Any shares received upon exercise of the options shall be subject to a one year lock-up from exercise.

In January 2018, 180,000 options were granted to key employees at an exercise price of NOK 60.00 per share. The options are exercisable in three tranches: 20% in February 2019, 30% in February 2020 and 50% in February 2021.

In March 2018, 210,000 options were granted to key employees at an exercise price of NOK 75.00 per share. The options are exercisable in three tranches: 20% in April 2019, 30% in April 2020 and 50% in April 2021.

At 31 December 2018 there were 1,291,000 options outstanding. The following tables summarise information about stock options and warrants outstanding at 31 December 2018 and 2017, respectively:

Exercise Prices EUR	Outstanding and Exercisable at 31 Dec 2018	Weighted Average Contractual Life in Years	Weighted Average Exercise Price EUR
1.25	10,000	2.49	1.25
1.30	10,000	0.16	1.30
1.50	20,000	4.10	1.50
2.40	100,000	4.17	2.40
3.77	100,000	2.39	3.77
4.00	36,000	4.42	4.00
4.00	150,000	4.75	4.00
4.00	390,000	4.00	4.00
6.00	220,000	4.50	6.00
6.00	180,000	5.09	6.00
7.50	75,000	5.09	7.50
TOTAL	**1,291,000**	**4,25**	**4,60**

Exercise Prices EUR	Outstanding and Exercisable at 31 Dec 2017	Weighted Average Contractual Life in Years	Weighted Average Exercise Price EUR
1.30	10,000	1.16	1.30
1.30	160.000	3.49	1.30
1.50	30,000	3.58	1.50
1.50	150,000	3.33	1.50
1.50	10,000	3.83	1.50
1.50	30,000	5.10	1.50
2.40	150,000	5.16	2.40
3.80	100,000	3.38	3.80
4.10	150.000	5.75	4.10
4.10	36,000	5.41	4.10
4.10	835,000	5.00	4.10
6.10	235,000	5.50	6.10
TOTAL	**1,896,000**	**4.75**	**3.64**

The weighted average fair value of options granted during the period determined using the BlackScholes valuation model was EUR 1.50 per option. The significant inputs into the model were weighted average share price of EUR 4.60 at the grant date, exercise price shown above, volatility of 67%, dividend yield of 0%, an expected option life of 4.25 years and an annual risk-free interest rate of 0.57%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last 3 years.

Share Issues

Pursuant to a reverse merger transaction consummated effective 17 June 2015, Plc became a wholly-owned subsidiary of GiG and the sellers were entitled to a variable consideration of up to a maximum of 12,5 million earn-out-shares, provided that Plc reached certain revenue targets. 4,790,000 shares were issued in May 2016 based on the 2015 results and the balance of 7,710,000 shares were issued in June 2017 based on the 2016 results.

In September 2017, the Company completed the acquisition of an online marketing company Rebel Penguin ApS for a total consideration of EUR 12,698,522 which was settled with proceeds from the senior secured bond (EUR 9,119,996) and the transfer of 716,500 treasury shares with a market value of EUR 3,578,526.

Top 20 Shareholders at 31 December 2018:

Shareholder	Shares	Percent
Bryggen Holding AS	11,817,839	13,1 %
Swedbank Robur Ny Teknik	8,300,000	9,2 %
Super Innovative Limited	6,446,427	7,2 %
Henrik Persson Ekdahl	4,522,582	5,0 %
Andre Lavold	4,522,582	5,0 %
Hans Michael Hansen	4,360,445	4,8 %
Frode Fagerli	3,603,266	4,0 %
Avanza Bank AB nom.	2,570,233	2,9 %
Nordnet Bank AB nom.	2,046,556	2,3 %
Ben Clemes	1,882,146	2,1 %
CMM Invest AS	1,752,467	1,9 %
Anders Berntsen	1,714,271	1,9 %
Digeelva Invest AS	1,614,028	1,8 %
Fondita Nordic Micro Cap	1,500,000	1,7 %
Stenshagen Invest AS	1,483,500	1,6 %
G.F. Invest AS	1,400,000	1,6 %
Saxo Bank A/S nom.	1,156,815	1,3 %
Svenska Handelsbanken nom.	1,089,791	1,2 %
Carnegie Investment nom.	1,078,670	1,2 %
Myrlid AS	1,000,000	1,1 %
Total shares owned by the 20 largest	**63,861,618**	**71.0 %**
Other	26,144,008	29.0 %
Total issued shares	**90,005,626**	**100.0 %**

23. Commitments and Contingencies

At 31 December, 2018 the Company is obligated under lease agreements in Florida, USA, Malta, Spain and Norway.

At the end of the reporting period, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

		Company
EUR 1000	2018	2017
Less than one year	3,713	2,257
Between one and five years	9,405	8,621
	13,118	**10,878**

Rent expense for the years ended December 31, 2018 and 2017 was EUR 2,653,325 and EUR 1,651,312, respectively. Operating lease payments represent rentals by the Company for office premises.

24. Revenues

The Company's revenue comprises the following:

		Company
EUR 1000	2018	2017
Net fair value gains on casino and sportsbook transactions	99,812	85,981
Affiliate marketing services	29,308	17,926
Platform services	20,084	15,704
Other gaming revenue	2,168	812
	151,372	**120,423**

25. Cost of Sales

Cost of services provided refers to expenditures within the gaming operations for gaming taxes, licensing fees to games providers, costs for payment services via bank and credit cards for deposited bets and payment of winning and costs for fraud. Cost of sales includes:

		Company
EUR 1000	2017	2016
Platform and service provider fees	23,221	16,542
Other fees	4,137	3,979
	27,358	**20,521**

26. Other Operating Expenses

Other operating expenses include:

	Company		Parent	
EUR 1000	2018	2017	2018	2017
Consultancy fees	7,195	5,011	152	151
Other operating expenses	15,284	11,478	(15)	124
	22,479	**16,489**	**137**	**275**

Other operating expenses for the Company include a one-off accrual with regards to a potential settlement to the UK Gambling Commission following an internal audit of EUR 2.6 million.

Fees charged by the Company's auditors for services rendered during the financial period ended 31 December 2018 and 2017 are shown below.

	Company		Parent	
EUR 1000	2017	2016	2017	2016
Annual statutory audit	250	261	20	20
Tax advisory and compliance services	76	52	2	2
Other non-audit services	374	120	11	14
	700	**433**	**33**	**36**

27. Tax Expense

EUR 1000	Company 2017	Company 2016	Parent 2017	Parent 2016
Current tax (income)/expense - current year	-50	492	648	-
Deferred tax (credit)/expense (Note 21) - current year	865	481	-	-
	815	**973**	**648**	**-**

The tax on the profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

EUR 1000	Company 2017	Company 2016	Parent 2017	Parent 2016
Profit/(loss) before tax	-21,940	555	-3,306	1,392
Tax calculated at domestic tax rates to (losses)/profits in the respective countries applicable	-1,745	421	-1,157	487
Tax effect of:				
Income subject to reduced rates of tax	-940	-955	-1,134	-955
Disallowed expenses	2,878	1,489	2,941	469
Movements in unrecognised deferred tax assets	586	19	-	-
Other differences	36	-1	-2	-1
Tax expense	**815**	**973**	**648**	**-**

28. Employee Benefit Expense

EUR 1000	Company 2017	Company 2016	Parent 2017	Parent 2016
Gross wages and salaries	40,096	23,433	51	-
Employee costs capitalized as part of software development	-6,105	-3,922	-	-
Net wages and salaries, including other benefits	33,991	19,511	51	-
Taxes and costs	3,068	2,341	-	-
Share options granted to employees	1,078	1,667	-	-
Cash – settled options vested during the year	69	280	-	-
	38,206	**23,799**	**51**	**-**

The Company employed, on average:	Company 2018	Company 2017
Managerial	7	8
Administrative	699	504
	706	**512**

29. Other Income (Expense) Net

EUR 1000	Company 2018	Company 2017	Parent 2018	Parent 2017
Finance expense - net	-4,210	-1,573	-4,855	1,667
Other income (expense)	-113	519	9,103	4
	-4,323	**-1,054**	**4,248**	**1,671**

Included within Other income (expense) are exchange differences arising from transactions carried out in a foreign currency. As described in Note 2.2, it is the Company's accounting policy to present all foreign exchange differences within finance income or finance costs.

30. Litigation

The The Company was involved in litigation with a vendor relating to costs of inventory carried during the years the Company's predecessor was in the security camera business. A USD 100,000 allowance for this litigation was recorded in 2014 (EUR 95,034 at 31 December 2016). Parties involved agreed in December 2016 to a settlement of EUR 100,000 which was paid by GiG in the first quarter 2017.

From time to time, the Company is involved in litigation brought by previous employees or other persons. The Company and its legal counsel believe that these claims are without merit.

The Company is involved in litigation relating to a pretend agreement with a Norwegian entity which allegedly awarded 340,000 Company shares or alternately a remuneration of NOK 4,000,000 plus interest to the entity. The Company has rejected the claim based on the parties did not enter into any agreement. In December 2018, the Company was notified of the ruling by Bergen City Court in this dispute. The court concluded that the Company shall transfer 340,000 shares on the basis of an alleged oral agreement between the parties in April 2015. The Company disagrees with the court's ruling and has appealed the judgement. In Q4 2018 the Company accrued an expense of EUR 200,000.

31. Wages Paid to the Company's Board of Directors and Management

Establishment of Salaries to Board of Directors and Management

The Company's policy is that the remuneration of the executive management is based on a salary which reflects the tasks and responsibility of their employment and the value added to the Company. This remuneration is established on an individual basis. The fixed salary is based on the following factors:

- Experience and competence of the executive person
- Responsibility
- Competition from the market

In addition, the Company has granted stock options to part of its executive management and other key employees in recognition of services rendered (Note 21). Fees below were expenses of the periods covered by these statements.

The table below summarizes payments made to key management personnel in 2018 and 2017.

2018	Position	Board fees	Salary	Other	Option Expense	Total
Petter Nylander	Chairman from Dec	4.6	-	-	-	4.6
Helge Nielsen	Board member and chairman until Dec	41.6	-	-	-	41.6
Henrik Persson Ekdahl	Board member	9.9	-	-	-	9.9
Paul Fischbein	Board member from Dec	2.8	-	-	-	2.8
Robert Buren	Board member from Dec	2.5	-	-	-	2.5
Frode Fagerli	Board member from Dec	2.2	-	-	-	2.2
Morten Soltveit	Board member until Dec	19.7	-	-	-	19.7
Andre Lavold	Board member until Dec	19.7	-	-	-	19.7
Jon Skabo	Board member until April	6.9	-	-	-	6.9
Robin Reed	CEO	-	150.1	0,5	-	150.6
Tore Formo	Management	-	155.9	21,5	-	177.4
Mikael Angman	Management	-	146.7	42,5	89.5	278.7
Tim Parker	Management	-	100.0	5,8	26.7	132.5
Richard Brown	Management	-	130.1	130,1	221.4	481.6
Justin Psaila	Management	-	118.5	0,5	61.3	180.3
Ben Clemes	Management	-	138.8	-	-	138.8
Cristina Niculae	Management	-	89.1	-	10.7	99.8
		109.9	**1,029.2**	**200.9**	**409.6**	**1,749.7**

2017	Position	Board fees	Salary	Other	Option Expense	Total
Helge Nielsen	Chairman	43.0	-	-	-	43.0
Jon Skabo	Board member	21.5	-	-	-	21.5
Morten Soltveit	Board member	21.5	-	-	-	21.5
Andre Lavold	Board member	22.2	-	-	-	22.2
Kjetil Myrlid Aasen	Board memeber until May	7.2	-	-	-	7.2
Henrik Persson Ekdahl	Board member from May	14.4	-	-	-	14.4
Robin Reed	CEO	-	127.6	6.0	-	133.6
Tore Formo	Management	-	160.9	20.5	-	181.4
Mikael Angman	Management	-	136.1	34.1	64.4	234.6
Justin Psaila	Management	-	102.7	2.4	46.6	151,7
Ben Clemes	Management	-	125.0	1.7	-	126.7
Edgars Peics	Management	-	118.8	-	25.9	144,7
Richard Brown	Management	-	115.1	18.9	107.8	241.8
Tomas Backman	Management	-	135.0	16.3	169.2	320.4
Morten Hillestad	Management	-	137.6	2.1	-	139.7
Mike Broughton	Management	-	105.8	2.3	-	108.1
Matti Metsola	Management	-	95.2	2.3	-	97.5
Beverly Fairclough	Management	-	61.3	15.6	-	76.9
Total		**129.8**	**1,421.1**	**122.2**	**413.9**	**2,087.0**

32. Related Party Transactions

Year-end balances arising from amounts due and loans from related parties, and other transactions are as follows:

	Company		Parent	
EUR 1000	2018	2017	2018	2017
Other receivables from related parties (Note 15):				
- subsidiaries	-	-	27,904	73,406

The following primary insiders participated in the short term loans entered into in 2016 and 2015, directly or through close associates; Helge Nielsen (NOK 3.5 million), Jon Skabo (NOK 1.5 million) and Christopher Langeland (NOK 2.0 million in 2015 repaid in January 2016 and the balance repaid in April 2017).

The following primary insiders participated in long term loans entered into in 2018 and 2017 totalling NOK 10,000,000 (EUR 1,015,935) and NOK 19,200,000 (EUR 2,015,104), respectively, directly or through close associates; Helge Nielsen, Kjetil Aasen and Morten Soltveit.

Andre Lavold was appointed as board member in GiG on 31 August 2016 and Henrik Persson Ekdahl in May 2017. Lavold and Ekdahl are shareholders in Optimizer Invest Ltd., the previous main shareholder in Betit Holdings. Optimizer Invest received 13,117,329 shares in the Company in connection with the acquisition of Betit Holdings.

Close associates of Christopher Langeland, board member and primary insider of GiG up until 10 May 2016, owned 46% of OddsModel AS and received 1,006,020 new GiG shares on 20 May 2016.

33. Events After Reporting Period

On 26 March 2019, the shares of the Group's parent company have commenced trading on Nasdaq Stockholm. As a result, such shares are dual-listed on Nasdaq Stockholm and Oslo Børs.

The Board of Directors are currently reviewing potential options of refinancing the bond when it becomes due in March 2020.

In April 2019, The Company has granted a total of 500,000 options to key employees. The exercise price is NOK 30.00 per share, and the options are exercisable with 20% after 1 April 2020, 30% after 1 April 2021 and 50% after 1 April 2022. All options expires on 31 March 2025 and are conditional upon employment at time of exercise. The options are granted under the option plan approved by the board in February 2017

There has been no other material subsequent events other than noted above.

34. Significant Risks and Uncertainties

GiG operates on the basis of its international licence in Malta, and other territory specific licences

For internet-based betting operations, there is uncertainty as to which country's law ought to be applied, as the internet operations can be linked to several jurisdictions and there are legal doubts on whether the availability of a site within foreign markets constitutes a solicitation to persons residing within that market. Legislation concerning online gaming is under review in certain jurisdictions, and in some circumstances, previous opportunities to offer gaming products to certain customers based in some markets on principles of freedom to provide services, would be closed due to legal restrictions being imposed. In some other cases, previously unregulated jurisdictions pass legislation regulating the market creating new opportunities to offer products and services to those markets with legal certainty.

The majority of the Company's revenue is derived from markets within the EU, meaning that their domestic regulations are subject to EU law principles, such as free movement of services. Member States are permitted to impose local license requirements as a condition for companies offering online gaming services to consumers residing in respective states only insofar as the licenses are granted based on objective, transparent, non-discriminatory and proportionate criteria. Whereas national regulation liberalising the gaming market is generally compliant with EU law, the imposition of restrictions, especially protectionist approaches, is often challenged in European courts causing doubt until a final decision is published.

Where such local licensing regime is in place, it is the Company's policy not to offer gaming services to consumers residing in such state, unless it is in possession of a valid license. Regulation of online gaming in European markets is generally a positive development, as it reduces uncertainty and enables long term business planning and usually also increases the marketing channels available for the Company in such countries.

The Company also provides B2B services, including platform services and performance marketing. It is the Company's view that the responsibility for compliance with laws and regulations rests with the customer. Although gaming laws and regulations of many jurisdictions do not specifically apply to the supply of B2B services, certain countries have sought to regulate or prohibit the supply of such services. The Company may therefore be subject to such laws, directly or indirectly. The Company mitigates this risk through monitoring of legal developments, contractual arrangements, and by seeking external advice to assist with the assessment of risk exposures as appropriate.

The Company communicated during its Q3 2018 report its priority to grow long term in regulated and soon to be regulated markets and hence decided to terminate one of its customer contracts which could potentially harm this development. This will have a short to medium term negative impact on revenue of around EUR 2 million in Q1 2019 compared to Q4 2018, but it is expected to be largely offset by revenue from existing and new customers on the platform as revenues from these expect to grow throughout 2019 and beyond.

This evolving environment makes compliance an increasingly complex area with the risk of non-compliance with territory specific regulations, including responsible gambling and anti-money laundering obligations. These uncertainties represent a risk for the Company's ability to develop and grow the business, as changes in legislation or enforcement practices could force the group to exit markets, or even result in financial sanctions, litigation, license withdrawal or unexpected tax exposures, which have not duly been provided for in the financial statements. The Company is undergoing a licence review from the UK Gambling Commission and the Company has accrued for EUR 2.6 million relating to a potential regulatory settlement as a result of weaknesses in responsible gaming, anti-money laundering and related controls.

During 2019, one of the Company's subsidiaries entered into a regulatory settlement package with the UK Gambling Commission amounting to EUR 1.4 million.

These uncertainties represent a risk for the Company's ability to develop and grow the business, as changes in legislation or enforcement practices could force the Company to exit markets, or even result in financial sanctions or unexpected tax exposures, which have not duly been provided for in the financial statements.

35. Statutory Information

The Company, Gaming Innovation Group Inc. is a Corporation registered in the state of Delaware, United States of America with registered number 2309086.

Glossary

ASA	Advertising Standards Authority
AC	Air Conditioning
AML	Anti-Money Laundering
ARC	Allied Rainbow Communities
AR	Annual Report
Average number of employees	Average number of employees based on headcount at each month end
B2B	Business-to-Business
B2C	Business-to-Consumer
CAP	Committees of Advertising Practice
Cash flow per share	Net increase/(decrease) in cash and cash equivalents, divided by the number of ordinary shares at the balance sheet date
CAGR	Compound Annual Growth Rate
CTF	Combatting Terrorism Financing
Customer	B2C operator to whom GiG provides services
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EBIT	Earnings before interest and taxation, equates to operating profit
EBIT margin	EBIT as a percentage of revenue
End User	A consumer (player) who places bets with an operator or plays poker casino games, slots games and other casino related games
EU	European Union
FIAU	Financial Intelligence Analysis Unit
FIPO	Finanspolisen Rikskriminalpolisen
GDPR	General Data Protection Regulations
Gross Gaming Revenue (GGR)	The amount wagered minus the winnings returned to end users
GiG	Gaming Innovation Group
ISMS	Information Security Management System
ISO	International Organisation for Standardisation
KYC	Know Your Customer

LCCP	Licence Conditions and Code of Practice
MGA	Malta Gaming Authority
MLRO	Money Laundering Reporting Officer
Net Gaming Revenue (NGR)	GGR minus deductible costs
NCA	National Crime Agency
NGO	Non-Governmental Organisation
OKR	Objectives and Key Results
Operating margin	Operating profit as a percentage of revenue
Operator	A B2C gambling operator
PASPA	Professional and Amateur Sports Protection Act
PEP	Politically Exposed Person
Revenue	Income from GiG's in-house brands and external customers based on fixed and variable payment structures
RG	Responsible Gambling
Sportsbook	A platform where bets are placed and accepted on sporting and other events
SR	Sustainability Report
UK	United Kingdom
UKAS	United Kingdom Accreditation Services
UKGC	United Kingdom Gambling Commission
UN	United Nations
US	United States
UX	User Experience

OUR OFFICES

MALTA (Headquarters)
@GiG Beach
Golden Mile Business Centre
Triq Id-Dragunara
St Julian's STJ 3148

MALTA
@GiG Sky
Pendergardens Business Centre - Level 4
St. Andrew's Road
St Julian's STJ 1902

SPAIN
Avenida Ricardo Soriano 21
Marbella
Malaga 29601

GIBRALTAR
Mavrix Services Limited
11A Cornwall's Lane
Gibraltar GX1 1AA

NORWAY
Tangen 76
4608 Kristiansand

NORWAY
Fridjtof Nansens Plass 6
0160 Oslo

DENMARK
Nannasgade 28
2200 Copenhagen N

UNITED STATES
8359 Stringfellow Rd
St James City, FL 33956