



Q4 & End of Year Report - 2019



18 February 2020

Today's presenters



**Richard
Brown**
CEO



**Tore
Formo**
Group CFO

Outline

- Introduction
- Strategic Update
- Q4 Financial Results & Key Takeaways
- Business Update
- Action Points & Summary
- Q/A

GiG in brief



640+
Employees



€60m Approx.
Market cap



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



Dual-listed
on Oslo Børs and at
Nasdaq Stockholm



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

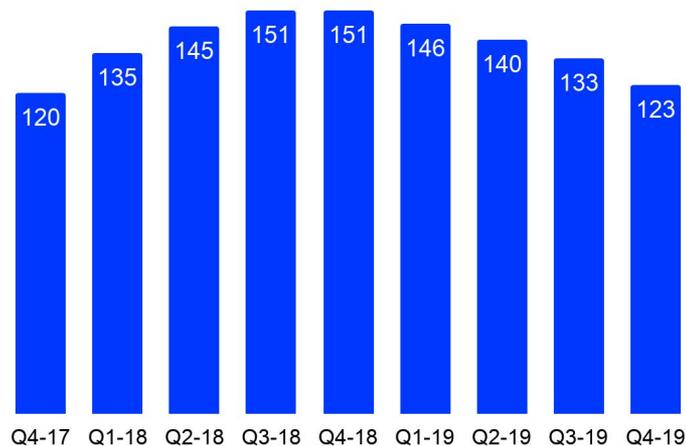


33 customers
on the platform

Head figures **development**

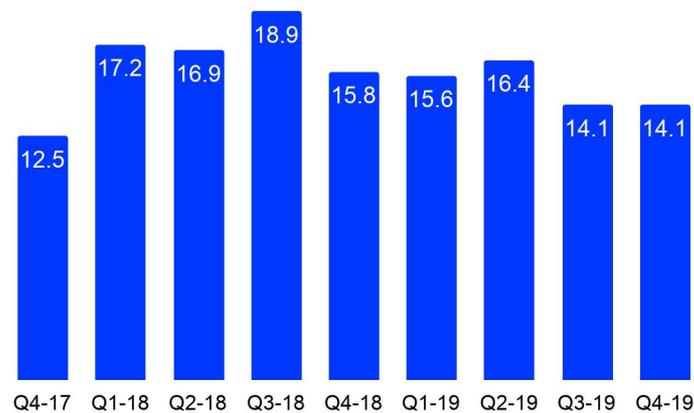
12 months rolling revenues EUR million

Revenues LTM (MEUR)



12 months rolling EBITDA EUR million

EBITDA LTM (MEUR)



Q4 Financials

€29.4m

Revenues

-26% Y/Y

€4.4m

Cost of sales

-44% Y/Y

€6.5m

Marketing

-44% Y/Y

€13.7m

Other opex

-12% Y/Y

€4.8m

EBITDA

-4% Y/Y



Strategic & Operational Update

Background – Strategic review

Strategic review initiated November 2019 to reduce complexity in the business, focus on value creation and strengthen the balance sheet

Main conclusions on GiG's strategic needs :

- **Decrease overall financial risk**
 - Unsustainable debt position in previous structure
- **Decrease strategic risk**
 - Conflicting B2C/B2B strategies
 - Conflicting organisational strategies and agendas
- **Increase earnings stability & quality**
 - Volatility in B2C earnings due to regulation and other market dynamics
 - Revenues from B2B: Media and Platform services revenues are more stable than in B2C
- **Improved basis for company valuation**
 - Focused and less complex business model increasing transparency

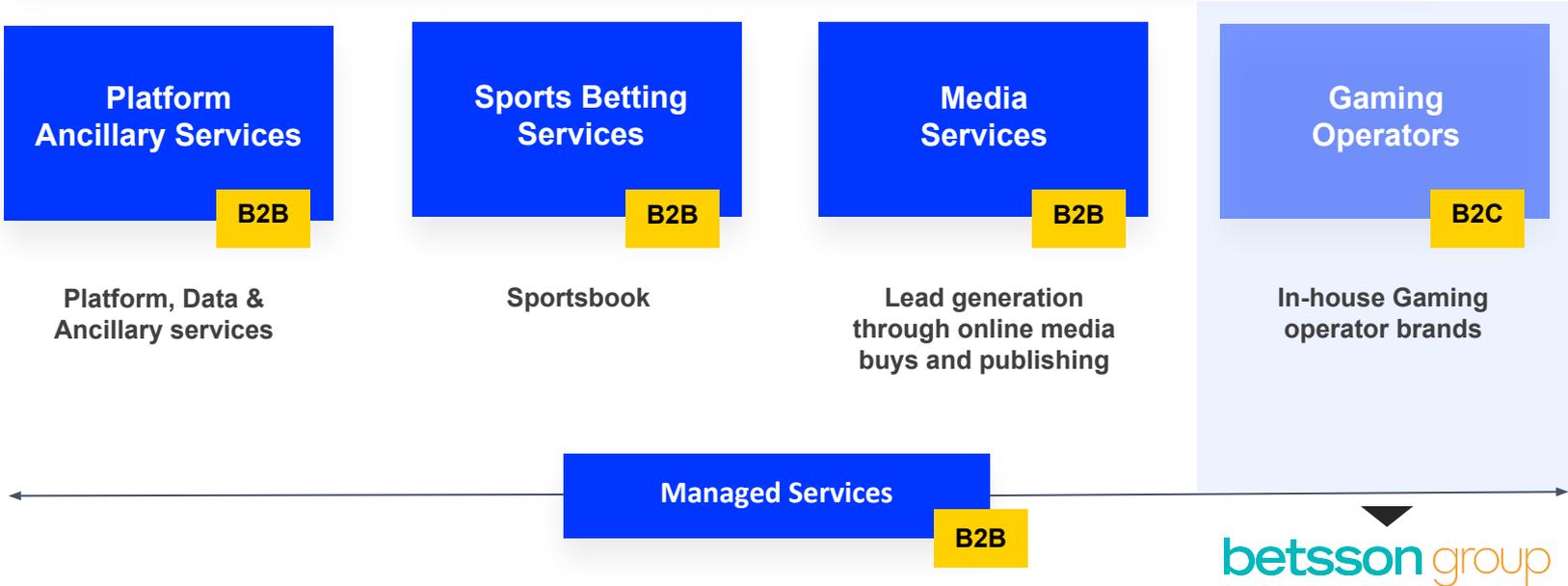
Main strategic direction

Focus on B2B operations

Consequence

Divest B2C Gaming operations

GiG focusing on ambition to become global Tier 1 B2B provider - divesting B2C



Transaction highlights



- **Betsson Group** acquires GiG's B2C operation comprising operator brands Rizk, Guts, Thrills and Kaboo
- **€31m** initial cash payment
- Betsson commits to keep brands operational on GiG's platform for a minimum of **30 months** - total deal value in range of €50M for GiG
- **Premium** rate platform fee during the first 24 months
- **Sportsbook** partnership
 - Betsson's sportsbook solution intends to be integrated on GiG's platform
 - GiG to act as reseller of Betsson's sportsbook to its B2B customers

Multiple upsides for GiG

Strengthens financial position

- Cash consideration enables repayment of the outstanding 2017 bond (SEK300m)
- Expected EBITDA for 2020 in the range of €14 - 17m, and Revenues between €70 - 75m
- Potential upside in current run rate of platform services revenues with Betsson growing the brands

Reduced complexity enables full financial and operational focus on B2B

- Removes potential conflicting agendas within organisation
- Improves capital allocation principles
- Enable focus and dedication toward global bespoke omnichannel online gambling services well positioned to capitalize on transition of land-based operations and digital transformation of gambling industry led by regulation (as demonstrated with capacity as multi-state jurisdiction in the US provider)

Improves sportsbook facilities via strategic partnerships

- Integration of Betsson sportsbook
- Other 3rd party sportsbook integration enhances sales potential
- Focus on building in-house sportsbook tailored to the US market with potential addition of strategic partnership to help finance strong strategic rationale

Enhances sales opportunities

- Potentially conflicting B2C/B2B priorities removed
- Improved sportsbook offering with a sportsbook agnostic platform
- Gradual shift in B2B pricing model from revenue share to fixed fees creates a stable and predictable upside

Entering Phase 4 - creating the best Platform in iGaming

Phase 1 2012 - 2015/16

Establish & create critical scale

- Initial footprint in iGaming
- Scalable and 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 2018-2019

Build leading iGaming partner

- Increased speed of development
- New platform
- Omnichannel
- Multi-jurisdiction compliance
- Real time data warehouse

Phase 4 2020- ...

Full focus on Global B2B

- Sustainable earnings and balance sheet
- Accelerated sales, new fixed fee pricing model for platform services
- Expansion of the Sportsbook offering
- Growth plan for Media Services

Introduction to fixed Platform fees

Basic SaaS Platform Fee: €75k/month
(*after ramp up)



Additional Jurisdictions: €10 - 25k/month



Managed Services: € variable on client



Full Contract Value

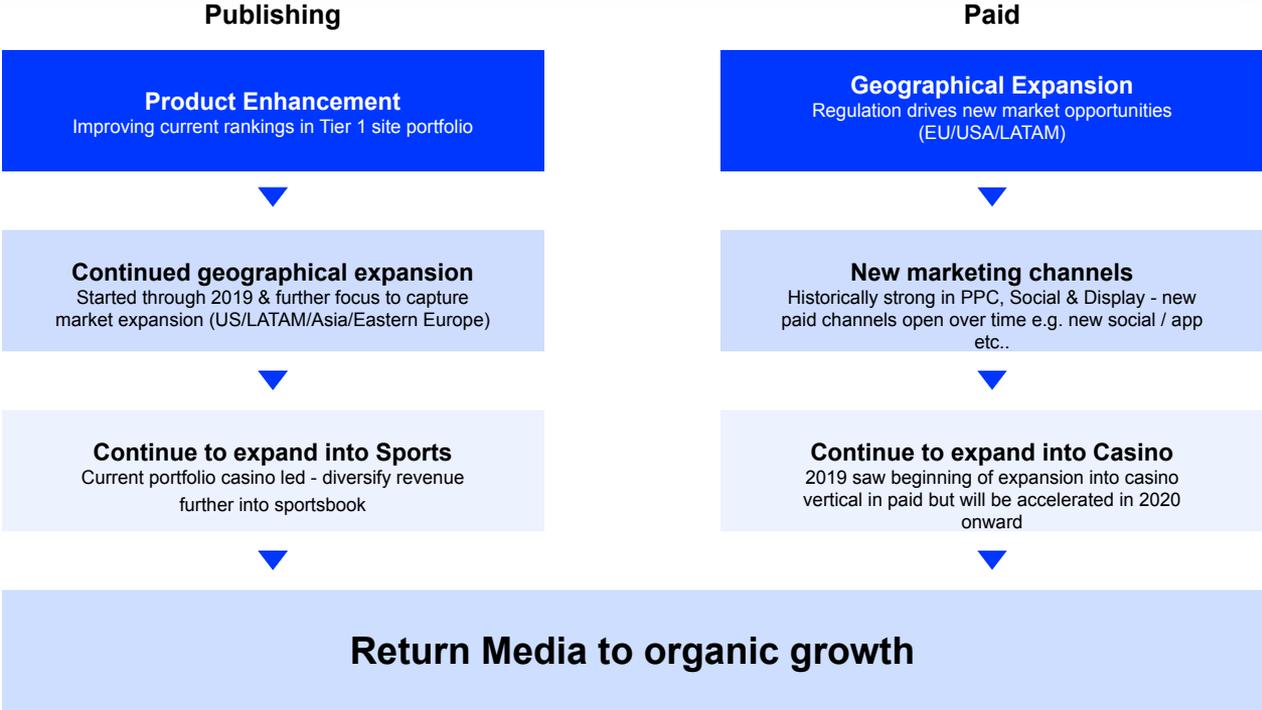
- In Q4, GiG introduced the fixed fee platform payment model on its first partner, the fee is paid monthly and will be introduced on all SaaS agreements...
- ...leading to a more stable and predictive revenue stream for GiG
- The fixed fee model is to make Gaming Companies more profitable and sustainable, supporting their growth. GiG achieves this by offering a fixed fee solution - where the technical (platform) costs are fixed monthly rather than the traditional model where platform providers take a percentage of the revenue.
- The payment model limits downside risk for GiG and makes our platform more attractive in the market.
- The sell of managed solutions such as website development, CRM and other ancillary services, will add further upside on contract values
- In Q1 another existing customer signed to move over to model while adding two additional brands to the contract

GiG offers its cutting-edge Data platform to external customers



- GiG launched its new real time data platform in January 2020
- The platform facilitates automation in payments, responsible gaming and marketing to facilitate a leaner workforce for the customer thus reducing operating costs and enhancing revenue realisation
- The updated Data platform is GiG's next-generation, scalable data platform, which can be integrated with GiG's Platform Service or with third-party solutions
- It features standard KPI libraries across all tools and incorporates artificial intelligence applications, working together to seamlessly enhance data systems
- The Data platform provides a secure and compliant data framework, which is responsive to the critical data needs of GiG's partners and regulatory bodies

Driving organic growth in Media





Business Update

Key Takeaways Q4 2019

- New leadership, Richard Brown appointed as the Chief Executive Officer
- Strategic review initiated to identify value-creating opportunities, future proof the business and create shareholder value
- Extended partnership with Hard Rock Intl. with launch of both retail and online sports betting in the US state of Iowa
- Agreement signed with Mr Green for platform services, casino and sportsbook in Latvia
- Renewal of contract with Armstrong Operations plus the addition of 2 new brands, all the first to be signed to the platform on the new fixed fee model
- Entering the regulated Croatian market through a share purchase agreement for remote gambling permit
- GiG received approval for paid media via Google Ads in New Jersey in October, which will further strengthen the marketing proposition
- B2C and Paid Media reached new All-Time-Highs in EBITDA
- Revenue in January was 8% higher than Q4 2019 average



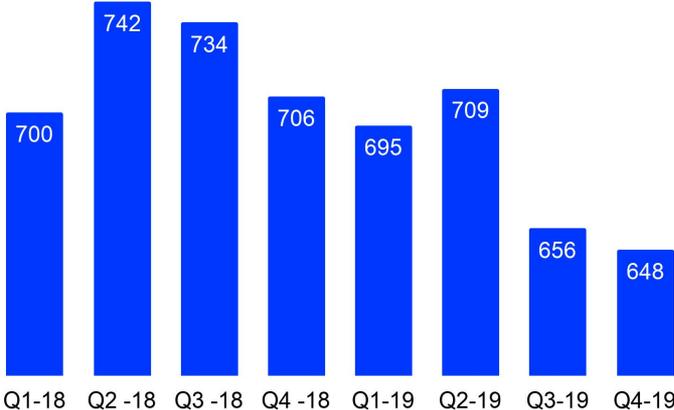
Cost savings & initiatives

GiG will continue to focus heavily on its cost control and as part of the divestiture of B2C, optimise the Company to support the new focused B2B business.

Q4 2019 Comments:

- Lower levels of capex (reduced by 25% QoQ)
- Continued optimisation and change of channel marketing mix and ROI management in B2C
- Decline in overall headcount at end of quarter
- Further increased efficiency across the organisation leading to additional cost savings
 - Tech costs down by 8% QoQ as team begins infrastructure migration
 - Administrative, consultancy and other opex was down by 21% quarter of quarter

Headcount – end of quarter



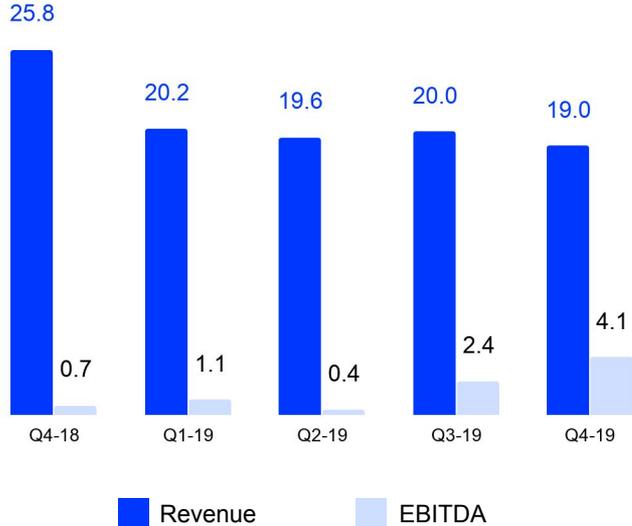
Gaming operators (B2C)

(Business vertical divested in Q1 2020)

- EBITDA reached €4.7m, an all-time-high for the second consecutive quarter, driven by focused marketing spend, reversal of over-accruals and improved operational efficiency
- Rizk is the main growth driver and represented 76% of B2C revenues
- Marketing costs were reduced by 45% YoY and represented 31% (43%) of the B2C revenue



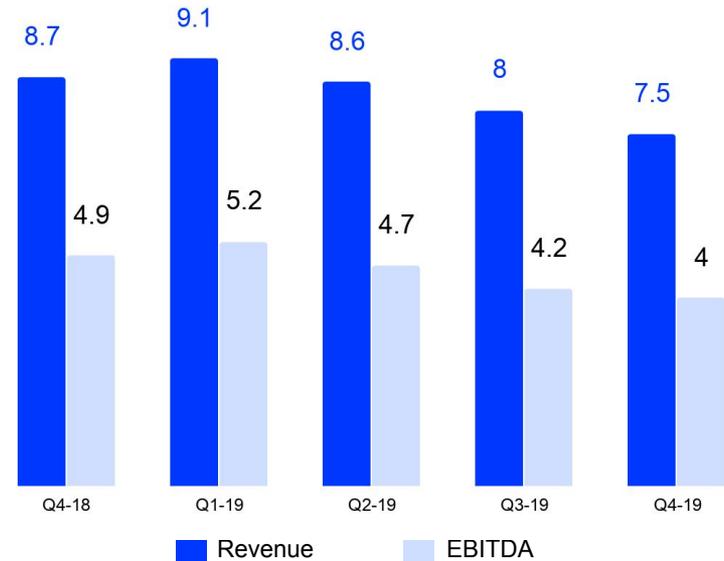
EUR million
GiG Gaming - Revenue & EBITDA (MEUR)



Media services (B2B)

- Revenues impacted by lower seasonality effect than anticipated and continued impact on Swedish player value
- The adverse impact from Google updates seen in Q3 -19 continued as expected in the first part of Q4 further affecting revenue
- Google rankings have steadily improved since November and January revenue was ahead by 13% vs Q4 monthly average
- Paid Media showed a positive trend for the 3rd consecutive quarter, with an all-time-high EBITDA
- GiG approval for paid media via Google Ads in New Jersey
- Group focus on B2B allows for better long term capital allocation towards high profit Media business
- New management structure Q4, bringing enhanced focus and skill set into the business area

EUR million
Media Services & EBITDA (MEUR)



Platform services (B2B)

- Revenues declined mainly due to the termination of a major customer in 2018 impacting YoY revenues in Q4 by €3.0 million,
 - LFL comparison excluding the termination of this customer and GiG's own brands, was a 7% YoY revenue increase
- EBITDA was €-1.4m where GiG's proprietary game studio (closed in Q3 2019) was included with an EBITDA of €-0.2 million
- QoQ Revenue increase of 23% and 700K Euro improvement in EBITDA
- New sales structure initiated in order to increase capacity
- 1 new customer signed (Mr Green - Latvia) and one contract extended contract with addition of new brands in Q4 (Armstrong).
- In Q1 another existing customer renewed contract and will add two new brands to platform in newly regulated markets on fixed fee model
- 33 brands were operating on the platform incl GiG's 4 brands, 7 brands are in integration phase for launch

EUR million

Platform Services - Revenue & EBITDA (MEUR)



EUR million

Platform Services - Adjusted for terminated client Revenue & EBITDA (MEUR)



Sports betting services (B2B)

- Launch of online sportsbook in second US state with HardRock in Iowa - GiG is one of a handful of suppliers present in multiple states in the US
- GiG in process of finding JV partner to enable revenue and cost synergies as well as financial backing in order to breakeven and retain strategic position

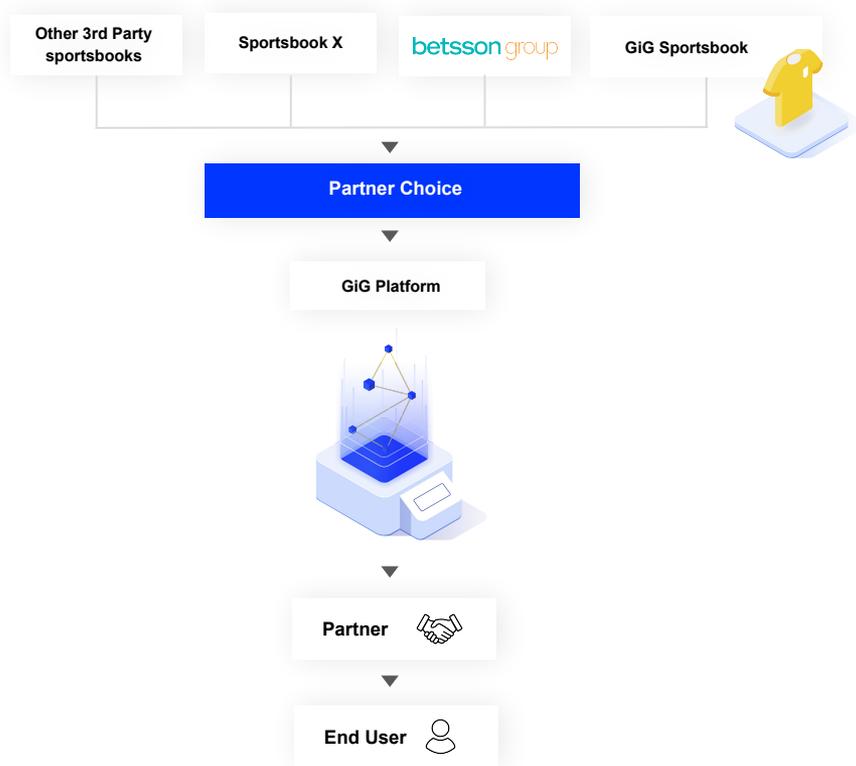
EUR million

Sports Betting Services - Revenue & EBITDA (MEUR)



Giving customers choice of Sportsbooks

Move to make core platform sportsbook agnostic. Allowing customers the choice of sportsbook. Leading to enhanced sales and opportunities



Action Points & Summary

Main Action Points Matrix

Q4 2019 - Quarterly Results

Business Area	Action	Revenue Generation	Cash Saving	Progress
Group	Close GiG Games to reduce operational complexity and improve capital allocation		X	Completed
	Full strategic review of Gaming Innovation Group	X	X	Completed
	Initiated bond refinance process			Completed
	Reduce non-marketing related OPEX through strong focus on execution		X	In Progress
B2C	Shift from multi brand strategy and move to higher ROI marketing spend	X	X	Completed
	Completion of highroller.com sale	X	X	Completed
	Enter new and emerging markets to drive growth in 2020	X		In Progress
Media	Focus expansion in new and emerging markets to drive future growth	X		In Progress
	Paid media reached profitability and growing with new market / vertical entry	X		In Progress
B2B Platform	Accelerate B2B sales, both turnkey solutions and modular sales	X		In Progress
	Transition to higher earnings quality customers	X		In Progress
	Move to more cost efficient and scalable hybrid infrastructure		X	In Progress
B2B Sports	Find JV or similar to financially and strategically support GiG's existing position	X	X	In Progress

Sustainability

Sustainable and long-term profitable growth is at the core of all aspects of GiG's corporate strategy. GiG focuses its sustainability strategy on **areas most relevant to its business**, at the heart of which is responsible gambling.

Initiatives in Q4 2019:

- Continued to shift away B2B from the White Label model in B2B, introducing fixed platform fees
- GiG entered a collaboration with YGAM, an education charity providing tools and information to build digital resilience, educate and safeguard young people against problematic gaming and gambling
- Besides the ongoing collaboration with Bournemouth University (BU) on the GamInnovate project, GiG sponsored a one-year Masters In Research (MRes) at BU with the objective of designing and assess tools which can help minimise gambling-related harm real-time



Summary

- QoQ improvement in EBITDA in Q4 2019
- GiG has refined its position via B2C divestiture, strengthening balance sheet while enabling full focus and energy towards its proven skill set as a B2B provider in the iGaming industry
- New fixed fee model provides significant potential to improve partners' margins, while providing GiG sustainable revenue streams
- Media business reversing downward trend in latter part of Q4 and into Q1
- Ongoing discussion to finalise strategic review for sports
- A diverse B2B Company well positioned for future growth in transformative online gambling industry

Q/A



Appendix

Largest shareholders 31 January 2019

GAMING INNOVATION GROUP INC.

1	8,300,000	9.2 %	Swedbank Robur Ny Teknik
2	7,603,559	8.4 %	Andre Lavold
3	4,696,125	5.2 %	Henrik Persson Ekdahl
4	4,360,445	4.8 %	Hans Mikael Hansen
5	4,174,680	4.6 %	Skandinaviska Enskilda Banken LUX nom.
6	4,161,674	4.6 %	Myrlid AS
7	3,880,999	4.3 %	Morten Hillestad Holding AS
8	3,638,266	4.0 %	Frode Fagerli
9	2,917,174	3.2 %	Saxo Bank A/S nom.
10	2,478,585	2.8 %	Stenshagen Invest AS
11	2,009,437	2.2 %	Kvasshøgdi AS
12	2,004,504	2.2 %	CMM Invest I AS
13	1,882,146	2.1 %	Ben Clemes
14	1,650,571	1.8 %	Anders Berntsen
15	1,602,213	1.8 %	Digeelva Invest I AS
16	1,400,000	1.6 %	G.F. Invest AS
17	1,342,136	1.5 %	Mikael Riese Harstad
18	1,164,300	1.3 %	Nordnet Bank AB nom.
19	1,100,000	1.2 %	Symmetry Invest A/S
20	997,546	1.1 %	Carnegie Investment Bank AB nom.
Top 20	61,364,360	68.2 %	
Other	28,641,266	31.8 %	
TOTAL	90,005,626	100.0 %	

Income statement

Q4 2019 - Quarterly Results

Condensed Statements of Operations in EUR 1 000
(Unaudited)

	Q4 2019	Q4 2018	2019	2018	Q4 2019	Q4 2018	2019	2018
	B2C as discontinued operation				B2C as continued operation			
Revenues	10 393	14 074	44 034	51 559	29 385	39 864	123 006	151 372
Cost of sales	165	175	906	664	4 396	7 795	24 090	27 358
Gross profit	10 228	13 899	43 128	50 895	24 989	32 069	98 916	124 014
Gross profit margin	98%	99%	98%	99%	85%	80%	80%	82%
Marketing expenses	1 080	1 443	5 279	5 793	6 517	11 593	31 112	47 247
One-off expenses	-	898	-	1 086	-	1 839	-	2 819
Other operating expenses	9 091	7 796	34 439	29 654	13 654	13 598	53 673	57 866
Total operating expenses	10 171	10 137	39 718	36 533	20 171	27 030	84 785	107 932
EBITDA	57	3 762	3 410	14 362	4 818	5 039	14 131	16 082
Depreciation & amortization	5 732	5 139	23 517	18 882	6 146	5 414	25 772	19 973
Impairment of intangibles	1 000	-	3 911	-	41 185	13 726	44 097	13 726
EBIT	-6 675	-1 377	-24 018	-4 520	-42 513	-14 101	-55 738	-17 617
Financial income (expense)	-4 563	-1 984	-8 352	-4 210	-4 563	-1 982	-8 352	-4 210
Other income (expense)	53	4	11	-113	53	3	11	-113
Result before income taxes	-11 185	-3 357	-32 359	-8 843	-47 023	-16 080	-64 079	-21 940
Income tax refund (expense)	-326	-491	-628	-815	-326	-491	-628	-815
Loss from continuing operations	-11 511	-3 848	-32 987	-9 658	-47 349	-16 571	-64 707	-22 755
Loss from discontinued operations	-35 838	-12 723	-31 720	-13 097	-	-	-	-
Loss for the year	-47 349	-16 571	-64 707	-22 755	-47 349	-16 571	-64 707	-22 755

Balance sheet

Condensed Balance Sheet in EUR 1 000 (Unaudited)	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	B2C as discontinued operations		B2C as continued operations	
Assets				
Goodwill	15 995	69 570	40 822	69 570
Intangibles assets	40 912	69 523	40 912	69 253
Deposits and other non-current assets	21 570	8 061	21 570	8 061
Total non-current assets	78 477	146 884	103 304	146 884
Prepaid and other current assets	3	5	3	5
Trade and other receivables	19 589	28 473	21 990	28 473
Cash and cash equivalents	4 557	14 669	10 295	14 669
Total current assets	24 149	43 147	32 288	43 147
Assets classified as held for sale	32 966	-	-	-
Total assets	135 592	190 031	135 592	190 031
Liabilities and shareholders' equity				
Total shareholders' equity	22 275	88 072	22 275	88 072
Trade payables and accrued expenses	24 089	34 204	32 608	34 204
Short term loans	-	617	-	617
Bond payable	33 792	-	33 792	-
Total current liabilities	57 881	34 821	66 400	34 821
Bond payable	33 151	64 230	33 151	64 230
Deferred tax liability	1 270	955	1 270	955
Other long term liabilities	12 496	1 953	12 496	1 953
Total long term liabilities	46 917	67 138	46 917	67 138
Total liabilities	104 798	101 959	113 317	101 959
Liabilities directly associated with assets classified as held for sale	8 519	-	-	-
Total liabilities and shareholders' equity	135 592	190 031	135 592	190 031

Cash flow

In EUR 1 000	Q4 2019	Q4 2018	2019	2018
Cash flow from operating activities	2 386	2 656	12 726	12 896
Cash flow from investment activities	- 2 255	-3 252	-11 931	-12 896
Cash flow from financing activities	-872	1 564	-5 020	2 003
Translation (loss)/gain	15	-157	-244	133
Fair value movements	77	-15	95	-15
Net change in cash and cash equivalents	-649	796	-4 374	2 590
Cash and cash equivalents at start of period	10 944	13 873	14 669	12,079
Cash and cash equivalents at end of period	10 295	14 669	10 295	14 669

Bond structure & loans

Gaming Innovation Group Plc. issued a new SEK400 million senior secured bond with a SEK1,000 million borrowing limit on 28 June 2019. The bond matures in June 2022 and was listed on Nasdaq Stockholm in December 2019.

GiG is in dialogue with its largest bondholders and will seek consent from its bondholders to extend the repayment of the 2017 - 2020 bond from the maturity date in March 2020 until 22 April 2020.

Written resolutions for the two bonds will commence shortly, and GiG has received voting undertakings from investors representing around 53% of the outstanding volume in the 2017 – 2020 bond, and around 46% of the outstanding volume in the 2019 – 2022 bond.

As compensation for the extension of repayment date in the 2017- 2020 bond, bondholders in said bond will receive a consent fee of 0.35% of the nominal amount.

Legal disclaimer

Gaming Innovation Group Inc. gives forecasts. Certain statements in this report presentation are forward-looking and the actual outcome may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, fluctuation in exchange rates, interest rates and political risks.