



Q1 2020 Interim Report



05 May 2020

Today's presenters



**Richard
Brown**

CEO



**Tore
Formo**

Group CFO

GiG in brief



~500

Employees



€40m 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

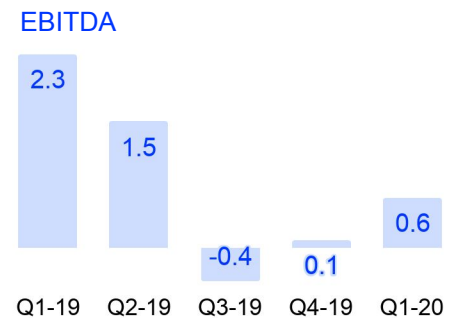
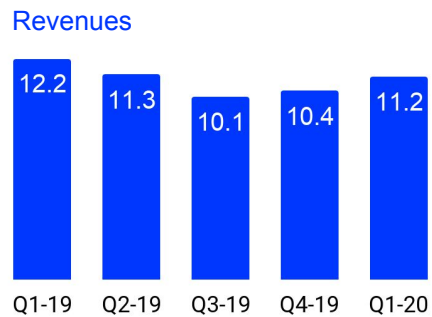
Key Takeaways Q1 2020

- Return to quarterly growth after four consecutive quarters with decline
- Strategic review to identify value-creating opportunities, future proof the business and create shareholder value. The B2C vertical was divested to Betsson, SPA signed in February
- Media back on track for quarterly growth in revenue, EBITDA and FTDs
- Signed 3 year contract extension with existing platform customer, which will also see an additional 2 new brands launched on the platform
- Went live in the online lottery space with launch of MegaLotto brand

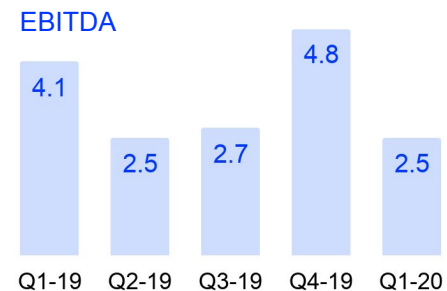
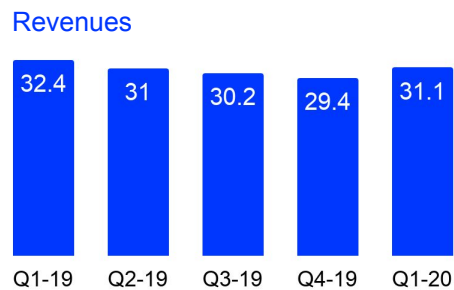


Head figures **development**

B2C included as discontinued operations (MEUR)



B2C included as continued operations (MEUR)





Strategic & Operational Update

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

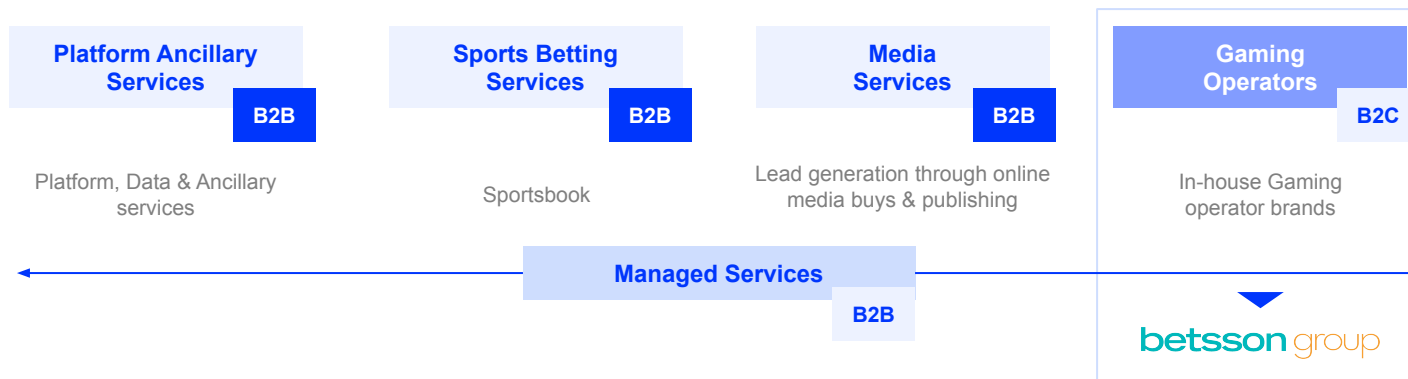
Strategic review initiated November 2019 to reduce complexity in the business, focus on value creation and strengthen the balance sheet

- Decrease overall financial risk
- Decrease strategic risk
- Increase earnings stability & quality
- Improved basis for company valuation

Main strategic direction
Focus on B2B operations

Consequence
Divest B2C Gaming operations

B2C divestment - Multiple upsides for GiG



- 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

- **Strengthens financial position**
- **Reduced complexity enables full financial and operational focus on B2B**
- **Improves sportsbook facilities via strategic partnerships**
- **Enhances sales opportunities**

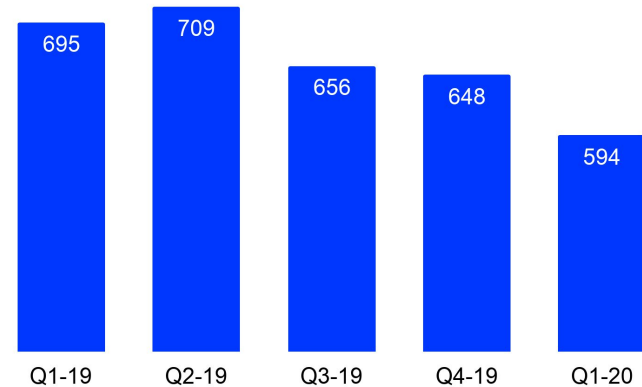
Business Update

Cost savings & initiatives

GiG continues to focus on cost control and optimise the Company to support the new focused B2B business.

- Continued decline in overall headcount in the quarter
- Tech costs down by 11% QoQ as team begins infrastructure migration
- 63 headcount transferred to Betsson in April plus an additional 54 supporting the Transition Service Agreement
- Other cost savings initiatives are progressing according to plan, which is expected to reduce operating expenses and the headcount to approximately 430 by year end 2020

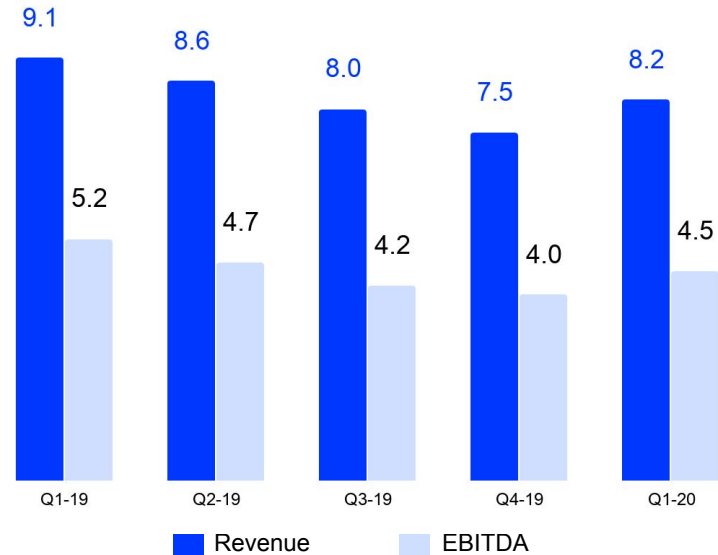
Headcount – end of quarter



Media services (B2B)

- Media Services return to quarterly growth in revenue (9%) & EBITDA (13%)
- FTDs also back to QoQ growth (15%) after three quarters of decline – growth in revenue and FTDs back on track
- Paid Media showed a positive trend for the 4th consecutive quarter, with an all-time-high EBITDA
- Improved Google rankings in the sports vertical throughout Q1 is expected to lead to further growth when sport activity returns.
- Seeing strong and healthy growth from new growth projects to further diversify and increase revenue streams and player intake.
- Maintain focus on developing business outside our current core markets in 2020.
- Significant cost optimisation within SEO, Content and Tech, to further optimise OPEX and create a platform for further growth.

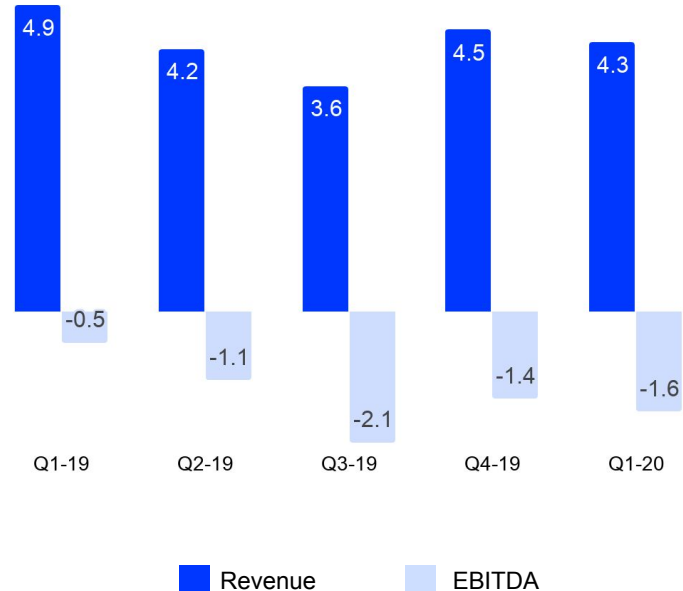
EUR million
Media Services & EBITDA (MEUR)



Platform services (B2B)

- Revenue of €4.3m, a 3% decline QoQ due to seasonality effects
- EBITDA impacted by marketing expenses related to ICE
- Launched MegaLotto onto the platform expanding GiG footprint across iGaming product verticals to include lottery - one of the largest markets in the industry
- Extended the contract with a current platform customer with the addition of two new brands on the new fixed fee model
- The sales pipeline is developing positively, however has slowed some of the final contract negotiations as land based operators come to terms with actions around COVID-19
- 33 brands were operating on the platform incl GiG's own brands, 6 brands are in integration phase for launch
- Q2 has started strongly and revenue in April was ahead of the Q1 average by 35%

EUR million
Platform Services
Revenue & EBITDA (MEUR)



Sports betting services (B2B)

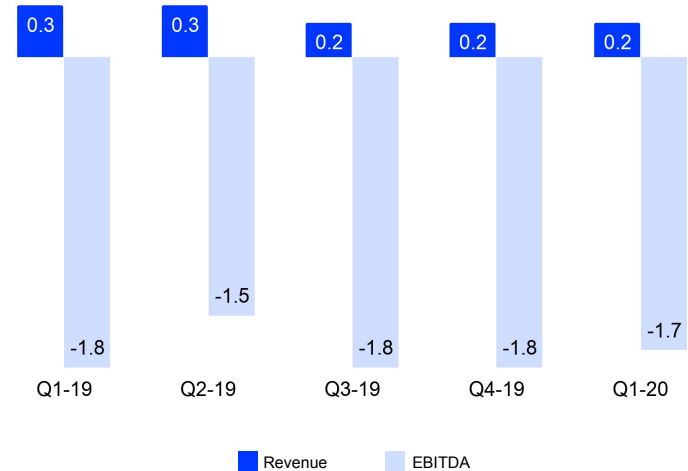
- Sportsbook restructuring initiated, which will lead to around €400k in monthly savings in GiG's sportsbook when completed - placing it in a sustainable position for growth and strategic partnerships
- GiG aims to target emerging markets in conjunction with end to end platform solutions, including sports offering.

Giving customers choice of Sportsbooks

- Move to make GiG's platform sportsbook agnostic and allowing customers the choice of sportsbook. Leading to enhanced sales and opportunities
- Progress being made with regards to integrations of third party solutions, target to integrate Betsson and one additional external Sportsbook in 2020

EUR million

Sports Betting Services - Revenue & EBITDA (MEUR)



Gaming operators (B2C)

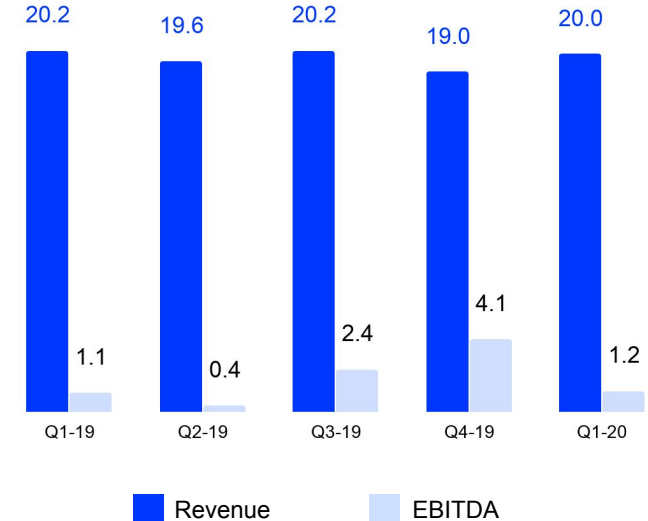
(Business vertical divested effective April 2020)

- Revenue grew QoQ despite normal seasonal impact of Q1 vs Q4 and contributed €20.0m to the group top line and €1.2m in EBITDA
- EBITDA impacted by
 - Increased marketing - €7.8m in Q1-20 up from €6.1m in Q4-19
 - Reversal of previous over-accruals of betting duties in Q4 2019
- Rizk is the main growth driver and represented 80% of B2C revenues
- B2C sold to Betsson on 16 April 2020



EUR million

GiG Gaming - Revenue & EBITDA (MEUR)



Events after the Quarter & Summary

Update after Q1 2020

- B2C divestiture completed on 16th of April and SEK 300m bond repaid
- April revenues for Platform Services was 35% ahead of the Q1 average and 40% higher than same period last year
- Rolled out Sportsbook restructure that will see cost savings in range of €400K per month after restructuring complete
- Stable revenues in Media and continued monthly FTD growth despite reduction in sports events

Summary

- Return to quarterly growth after four consecutive quarters with decline
- Sale of B2C completed and 2017-2020 bond repaid
- Growth in revenue and FTDs in Media - back on track after three consecutive quarters with decline
- The sales pipeline is developing positively, however slowed some due to COVID-19. On a longer term basis it is expected that such events will accelerate the transition to online
- Initiatives implemented to significantly reduce burn rate in Sports and place it in a sustainable long term position
- A diverse B2B Company well positioned for future growth in transformative online gambling industry



Q/A

Appendix

Largest shareholders 31 March 2020

GAMING INNOVATION GROUP INC.

1	7 603 559	8,4 %	Andre Lavold
2	7 000 000	7,8 %	Swedbank Robur Ny Teknik
3	6 420 474	7,1 %	Myrlid AS
4	4 896 125	5,4 %	Henrik Persson Ekdahl
5	4 330 970	4,8 %	Skandinaviska Enskilda Banken LUX nom.
6	3 880 999	4,3 %	Morten Hillestad Holding AS
7	3 649 128	4,1 %	Hans Mikael Hansen
8	2 493 688	2,8 %	Frode Fagerli
9	2 478 585	2,8 %	Stenshagen Invest AS
10	2 009 437	2,2 %	Kvasshøgdi AS
11	2 004 504	2,2 %	CMM Invest I AS
12	1 907 146	2,1 %	Ben Clemes
13	1 620 213	1,8 %	G.F. Invest AS
14	1 602 213	1,8 %	Digeelva Invest I AS
15	1 383 124	1,5 %	Anders Berntsen
16	1 342 136	1,5 %	Mikael Riese Harstad
17	1 338 124	1,5 %	Saxo Bank A/S nom.
18	1 249 816	1,4 %	Nordnet Bank AB nom.
19	1 204 155	1,3 %	Försäkringsaktiebolaget Avanza Pension
20	986 000	1,1 %	Helida AS
Top 20	59 400 396	66,0 %	
Other	30 605 230	34,0 %	
TOTAL	90 005 626	100,0 %	

Income statement

EUR 1 000 (Unaudited)

	Q1 2020	Q1 2019	2019	Q1 2020	Q1 2019	2019
	B2C as discontinued operation			B2C as continued operation		
Revenues	11 162	12 244	44 054	31 141	32 423	123 026
Cost of sales	425	271	906	6 799	6 447	24 090
Gross profit	10 737	11 973	43 148	24 342	25 976	98 936
Gross profit margin	96%	98%	98%	78%	80%	80%
Marketing expenses	1 676	1 498	5 272	8 918	8 582	31 105
Other operating expenses	8 472	8 170	34 432	12 888	13 284	53 667
Total operating expenses	10 148	9 668	39 704	21 806	21 866	84 772
EBITDA	589	2 305	3 444	2 536	4 110	14 164
Depreciation & amortization	5 290	6 024	23 650	5 420	6 566	25 905
Impairment of intangibles	-	-	3 911	-	-	44 096
EBIT	-4 701	-3 719	-24 017	-2 884	-2 456	-55 837
Financial income (expense)	350	-255	-8 222	350	-255	-8 222
Other income (expense)	16	-30	-5	16	-30	-5
Result before income taxes	-4 335	-4 004	-32 344	-2 518	-2 741	-64 064
Income tax refund (expense)	-60	-135	-627	-60	-135	-627
Loss from continuing operations	-4 395	-4 139	-32 971	-2 578	-2 876	-64 691
Income/(loss) from discontinued operations	1 817	1 263	-31 720	-	-	-
Loss for the period	-2 578	-2 876	-64 691	-2 578	-2 876	-64 691

Balance sheet

EUR 1 000 (unaudited)	31 Mar 2020	31 Mar 2019	31 Dec 2019	31 Mar 2020	31 Mar 2019	31 Dec 2019
	B2C included as discontinued operations			B2C included as continued operations		
Assets						
Goodwill	15 115	69 547	15 995	37 415	69 547	40 822
Intangibles assets	38 920	66 163	40 912	38 920	66 163	40 912
Deposits and other non-current assets	19 953	15 141	20 191	19 954	15 141	21 066
Total non-current assets	73 988	150 851	77 098	96 289	150 851	102 800
Prepaid and other current assets	40	44	3	40	44	3
Trade and other receivables	21 114	19 970	20 464	21 515	19 970	21 990
Cash and cash equivalents	5 128	13 126	4 557	10 866	13 126	10 295
Total current assets	26 282	33 140	25 024	32 421	33 140	32 288
Assets of discontinued operations held for sale	28 440	-	32 966	-	-	-
Total assets	128 710	183 991	135 088	128 710	183 991	135 088
Liabilities and shareholders' equity						
Total shareholders' equity	16 963	84 724	20 920	16 963	84 724	20 920
Trade payables and accrued expenses	26 715	27 937	24 940	35 234	27 937	33 459
Short term loans	-	620	-	-	620	-
Bond payable	30 866	-	30 035	30 866	-	30 035
Total current liabilities	57 581	28 557	54 975	66 100	28 557	63 494
Bond payable	33 028	62 367	36 908	33 028	62 367	36 908
Deferred tax liability	1 330	1 056	1 270	1 330	1 056	1 270
Other long term liabilities	11 289	7 287	12 496	11 289	7 287	12 496
Total long term liabilities	45 647	70 710	50 674	45 647	70 710	50 674
Total liabilities	103 228	99 267	105 649	111 747	99 267	114 168
Liabilities associated with assets classified as held for sale	8 519	-	8 519	-	-	-
Total liabilities and shareholders' equity	128 710	183 991	135 088	128 710	183 991	135 088

Cash flow

In EUR 1 000	Q1 2020	Q1 2019	2019	Q1 2020	Q1 2019	2019
	B2C included as discontinued operations			B2C included as continued operations		
Cash flow from operating activities	8 059	3 653	4 077	8 059	4 399	15 552
Cash flow from investment activities	-3 007	-3 434	-10 501	-3 007	-4 180	-10 501
Cash flow from financing activities	-3 156	-1 770	-7 897	-3 156	-1 770	-7 896
Translation (loss)/gain	-1 328	-32	-245	-1 328	-32	-245
Fair value movements	3	40	-1 284	3	40	-1 284
Net change in cash and cash equivalents	571	-1 543	-15 850	571	-1 543	-4 374
Cash and cash equivalents at start of period	4 557	14 669	14 669	10 295	14 669	14 669
Cash and cash equivalents at end of period	5 128	13 126	4 557	10 866	13 126	10 295

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.