GAMING INNOVATION GROUP

2016 ANNUAL REPORT

CONTENTS

LETTER TO SHAREHOLDERS

FROM THE CHAIRMAN OF GIG INC.

In January 2014 we had our very first 'all hands meeting'. We had just returned home from the Christmas break and in preparation of the year ahead of us, I wanted to infuse the team with inspiration. The 30 man big crowd, whom constituted the staff back then, was all packed into a small boardroom. Most of the guys and girls were pretty new to the company.

The goal was to prepare the team for what was to come. During the Christmas break I had been studying the underlying KPIs of the business: We were booming. A company that had been doing €1m in revenues in 2012, were on course to do €12m in 2014.

I have read my fair share of books on startups and tech companies. One of the things that fascinate me is the art of scaling a company. How all those amazing companies managed to support insurmountable growth. A famous quote reads "culture eats strategy for breakfast", I think it is all about the culture.

So that Christmas I had been pondering what culture I would want to inspire, and this 'all hands meeting' would be the inception of what I am most proud of in our company today; Our culture.

There was three key takeways.

1. You have to be controlled insane.
2. We need to be comfortable, outside of the comfortzone.
3. Whatever amount you have in your head, double it, or triple it.

What might have seemed a bit dramatic at the time, turned out to be an understatement. At the start of 2013 we were seven people running a poker forum, with an online casino in the making. Today the company counts more than 400 people . We are operating some of the fastest growing products and services across the industry, and we are all-in on the vision; 'To make iGaming and open and connected eco-system for the benefit of all'.

When growing triple digit a year, then every year needs to be transformational.

In 2015 we had demonstrated our ability to innovative and scale. 2016 was the year we would embark on the pursuit of operational exellence.

100 people had to welcome another 300 people to the company. In spite of all the errors, failures and flaws we experienced, I think we did it. People whom had never managed people, acted up as leaders. Youngsters whom came straight out of university worked on core software. It led to our platform: iGamingCloud to possibly be the fastest growing Software-As-A-Service, ever to be launched in iGaming.

We had more then 99% uptime over the course of the year. That is albeit scaling from 400m , to 1.9bn quarterly transactions. The IGC team did incredibly well in 2016, and are continuing to grow into 2017. It is amazing to see it evolve.

In our online peformance marketing business; Innovation Labs, we are improving the touchpoints were people are finding iGaming online. That is in order to make iGaming universally approachable and liked.

There is certainly, and sometimes rightfully, negative perceptions of our industry. We want to show the positives by spreading all the great products, good moments, and tremendous developement our industry is producing.

Innovation Labs referred in excess of 40,000 paying customers to our clients in 2016. During what was the first full year of operations. We established Innovation Labs as one of the largest traffic sources for iCasino.

In 2016 we recruited the core organisation and built the proprietary platform which would allow the company to bolt-on new websites, people and tech. As such the organic growth was heavily complemented by acquisitions. We did two of these which positioned us on top of the search rankings in both Sweden and the Netherlands. The trend continued this year. We have made in excess of €20m worth of acquisition in 2017 to date, increasing referred customers to apx. 20,000 per quarter. Innovation Labs is aiming to be the largest lead generation company in iGaming and we are well underway

In January 2016 we launched a new iCasino. It was named Rizk.Com. We wanted to make the most liked casino in iGaming. A year later we are looking at Net

Promoter Scores in excess of 30 which is to be pretty good for what we do.
Rizk has been a showcase of what you can achieve using our iGamingCloud platform.

For myself Rizk was also one of the most risky decisions I have done whilst leading the company. We had decided to contract an expensive Hollywood actor, to front a high-end media production, which would be the basis of the very high extensive TV and online media campaign.

The decision was vested in the confidence we had in the product. An immersive and gamified experience, which saw the company, produce it first proprietary game: The Wheel of Rizk, and our first play with personalisation, big data and algorithms. The bet paid off and Rizk was the fastest growing newcomer in iCasino in 2016 due to more then 25% of the acquried customers remaining active mid and long-term. An unusual high amount for iCasino.

In June we signed the MoU for the €54m acquistion of BetIt Group, adding nearly 100 staff to the organisation. BetIt had been founded only three years earlier and had achieved the same growth rate as GIG Gaming. More importantly they shared the same product vision and culture.

The organisations believed that by teaming up we could create the largest iGaming operator from our region, and thus one of the largest in the world.

The acqusition was completed in September. At the of 2016, there was 1.5m customers registered with GIG Gaming brands, and more then 180,000 of these were active in Q4, up from 50,000 the year before.

As we headed into 2017, public figures have suggested Gaming Innovation Group to be the fastest growing iGaming company, listed on any stock exchange in the world, in terms of organic revenue growth. It was accomplished in a year where the company underwent a recruitment surge, acqusitions and product launches. We should be really proud of this growth, but our focus is ahead.

Our passion and ability to drive innovation is not, and never should be, satisfied. In the spring of 2016 we acquired a small company called Oddsmodel. They were using proprietary quantitative models and real-time data feeds, to predict probabilities in sporting events. In term they were using that information to program robots whom was betting against the bookmakers.

We saw a great potential in the technology

and are today working patiently together towards the launch of a B2B services later in 2017.

BettingCloud will deliver proprietary odds, risk management and trading tools, as well as a range of data services and BI functions. With BettingCloud we are seeking to disrupt the sportsbetting industry. It is a long-term play with the potential to make our company on of the leaders in the very large sportsbetting vertical.

Which leads me on to the final words of the letter.

Gaming Innovation Group is an amazing growth story. It is enabled by a band of value driven people. When needed we have empowered these people to act bold and brave. When needed we have made large investments, whom has periodically affected margins, however ensured our continued long-term growth.
As we are growing, it will be increasingly tempting to reduce long-term growth, in order to produce even better short-term results. We should resist the temptation.

In GIG we have hurried patiently and never been afraid of making the right long-term investments. We are at a very early stage in the company life cycle. There is now in excess of 400 people across all trades and professions, whom can act controlled insane. Lets continue to serve an increasing amount of markets, clients and customers, with more and better products. Profits will follow.

THIS IS GAMING INNOVATION GROUP

VISION

Making iGaming an open and connected Eco-System, for the benefit of all.

OPERATIONS

Gaming Innovation Group Inc. operates its iGaming business out of Malta divided into the Business to Consumer (B2C) and Business to Business (B2B) segments.

OPERATORS (B2C)

GIG is offering Business-to-Consumer (B2C) casino and sports betting services through its six brands, guts.com, betspin.com, rizk.com, kaboo.com, thrills.com and superlenny.com. All brands use iGaming Cloud and operate on GIG's own licenses from Malta Gaming Authorities (MGA) and the United Kingdom Gaming Commission (UKGC).

GIG's operators have a vision to deliver the best user experience in the industry by offering a supreme customer service, innovative and immersive user interfaces, and exciting and attractive stories and offerings.

iGaming is one of the most compelling entertainment options available and GIG sees our operators as creative studios that seek to make digital connections with people through real money games.

CLOUD BASED SERVICES (B2B)

iGamingCloud (iGC) is an open cloud based platform, offering the full range of services needed for an iGaming operator.

iGC's vision is to make the iGaming industry lean. The iGC-platform is integrating application developers that can access an eco-system of operators through a single integration. The operators on their end can utilize open APIs to connect their front-end website and CMS to the system and gain access to all the GSPs, PSPs, and ancillary services.

The iGC casino solution gives operators access to around 2000 casino games from industry leading suppliers, including a large catalogue of the most renowned mobile games. With iGC's Sportsbook solution, the operator has access to over 170,000 world wide sporting events, all being controlled by an innovative back office. All features and functionality are offered through a Software-As-A-Service (SaaS).

The performance of the platform has proven to increase gross gaming. The iGC platform itself is fully scalable both horizontal and vertical with individual modules being scalable in anticipation of increased load.

DIGITAL MARKETING SERVICES (B2B)

GIG's digital marketing services (Innovation Labs) refer traffic across casino, poker and sports betting by operating websites who rank high in search results for specific keywords.

The vision of Innovation Labs is to improve the touchpoints where people are finding iGaming online. This is done through highlighting educational, informational and valuable content about the industry online, promoting the best of the breed games, operators and offerings through reviews, articles, guides and comparisons made available on various web portals.

Innovation Labs revenues are generated through shares of perpetual revenues, Cost Per Action (CPA), or a hybrid between revenue share and CPAs.

Innovation Labs is one of the top three affiliates in the Nordics in terms of traffic driving capability.

BOARD OF DIRECTOR'S REPORT

BOARD OF DIRECTORS' REPORT

DESCRIPTION OF THE BUSINESS

Gaming Innovation Group Inc. (“GIG” or “the Company") is a US corporation incorporated in the state of Delaware, USA, and traded on the Oslo Stock Exchange with the ticker symbol “GIG”. The Company’s operations are based in Malta.

GIG operates in the internet gaming sector, with affiliate marketing towards gaming operators since 2008, and online gaming activities since 2013. GIG’s strategy is to build and create a leading iGaming company, and several achievements have been made to fulfill this strategy in 2016.

The Company is aiming at becoming the most customer oriented, partner friendly and innovative company in the iGaming industry, as well as one of the largest iGaming companies in Europe. The Company will follow a start-to-end strategy, by developing proprietary technology and applications across the iGaming value chain. Through a vendor-neutral policy, the company will promote openness and connectivity, allowing partnerships with key industry players, in order to offer innovative and lean services business to business (B2B), and business to consumer (B2C).

The Company operates from Malta across three different iGaming business areas:
- Cloud Based Services (B2B)
- Digital Marketing Services (B2B)
- Operators (B2C)

CLOUD BASED SERVICES (B2B)

iGamingCloud.com (iGC) is an open, cloud-based platform, which offers the full range of services an iGaming operator needs. With the core functions of eliminating technological bottlenecks and significantly reducing costs for operators and white labels alike, iGC aims to achieve a significant position within the online iGaming industry. iGC generates recurring revenue from its customers, based on their volumes through the platform.

iGC’s vision is to make the iGaming industry lean. The iGC-platform integrates application developers that can access an ecosystem of operators through a single integration. The operators on their end can utilize open APIs to connect their front-end website and Content Management System (CMS) of the system, and gain access to all the GSPs, PSPs and ancillary services available on the platform.

The iGC casino solution gives operators access to around 2000 casino games from industry leading suppliers, including a large catalog of the most renowned mobile games. With iGC’s Sportsbook solution, the operator has access to over 170,000 worldwide sporting events, all controlled by an innovative back office. All features and functionality are offered through a Software-as-a-Service (SaaS).

The performance of the platform has proven to increase gross gaming revenue. The iGC platform itself is fully scalable both horizontally and vertically, with scalable individual modules, in anticipation of increased load.

DIGITAL MARKETING SERVICES (B2B)

GIG’s subsidiary Innovation Labs aims to become one of the leading companies in online performance marketing, or affiliation. Innovation Labs’ digital marketing services refer traffic across casino, poker and sports betting, by operating websites that rank high in search results for specific keywords. Innovation Labs’ vision is to improve the touchpoints where people are finding iGaming online.

Innovation Labs refers paying users to B2B clients, and revenues are generated through shares of perpetual revenues, Cost Per Action (CPA), or a hybrid between revenue shares and CPAs. Paying users are sourced by obtaining competitive rankings for high-value keywords in search engines through SEO (search engine optimization), thus generating traffic to websites owned by the Company. These websites contain guides and quality content for the gaming industry, and serve as paths to operators. Innovation Labs also refers paying users through data-driven media-buying techniques. This is done by highlighting educational, informational and valuable content about the industry online, and promoting best-of-breed games, operators and offerings through reviews, articles, guides and comparisons made available on various web portals.

In 2015 and 2016, the Company acquired five affiliate networks, adding to the Company's existing operations and cash flow going forward. The acquisitions have proven successful, and the combined operations are expected to refer a considerable number of new real money players going forward. Innovation Labs generates a strong cash flow and a healthy margin from its large portfolio of paying users. So far in 2017, two additional affiliate networks have been acquired, and an agreement to acquire a third has been entered into.

Innovation Labs is one of the top three affiliates in the Nordics in terms of traffic driving capability.

OPERATORS (B2C)

GIG offers business to consumer (B2C) casino, sports betting and poker through its portfolio of six brands. The Company is contracting with most major gaming and payment services providers, and operates on its own licenses from Malta Gaming Authorities (MGA) and the United Kingdom Gaming Commission (UKGC).

Guts.com, an online casino, sportsbook and poker site, launched in May 2013. Betspin.com launched in February 2015, as the first user on the iGaming Cloud platform. GIG also developed a new casino brand, Rizk.com, that successfully launched in January 2016. The focus of this brand is “gamification” and providing an innovative user interface, which will differentiate its target audience from that of the two other brands. Finally, the brands SuperLenny.com, Kaboo.com and Thrills.com were acquired through the Betit transaction in September 2016. All brands operate on GIG's iGC platform.

GIG's operators share a vision of delivering the best user experience in the industry, through supreme customer service, innovative and immersive user interfaces, and exciting and attractive stories and offerings. iGaming is one of the most compelling entertainment options available, and GIG sees its operators as creative studios that seek to make digital connections with people through real money games.

OPERATIONAL PERFORMANCE

2016 was an exciting year for GIG, with the launch of Rizk.com in January, the first full year of operations for iGaming Cloud, and the completion of the acquisitions of Oddsmodel and Betit. The Company made progress within all three business areas in 2016.

Starting with the Q3-2016 Interim Report, the Company started to report two segments – Business to Consumer (B2C), which comprises its casino and sports book offerings to end users, and Business to Business (B2B) which includes the iGaming Cloud platform, digital marketing services and BettingCloud.

B2C

GIG offers business to consumer (B2C) casino, sports betting and poker services through its own brands Guts.com, Betspin.com and Rizk.com, and the three Betit brands SuperLenny.com, Kaboo.com and Thrills.com, which were acquired, effective September 2016.

Rizk.com launched in January 2016, as the first brand that fully utilized the capabilities of GIG's iGC platform, to offer a highly immersive and engaging casino product. In its first year of operation, Rizk.com has exceeded the Company's expectations, and conversion numbers have been high. Rizk.com targeted just a few markets in 2016, but, based on the success, the brand will be launched in more markets in 2017.

In 2015, GIG decided to allocate resources to up-front marketing expenses through TV campaigns, focusing on long-term margins and player value. While marketing paid up front is significantly more expensive in the short term, it improves long-term margins and lifetime value. A TV advertizing campaign for Guts.com was launched in August 2015, followed by a campaign for Betspin.com in November 2015. The launch of Rizk.com was supported by a TV marketing campaign, fronted by Hollywood actor Kevin Dillon (Johnny Drama, Entourage).

TV campaigns continued in 2016, resulting in total marketing expenses for the B2C operations of EUR 19.8 million in 2016, compared with EUR 7.8 million in 2015. This represents 47% of B2C revenues in 2016 and 54% in 2015. Of the total marketing expenses, 72% were attributable to up-front payments (incl. TV), while 28% were allocated revenue share agreements. GIG will continue its focus on growth for its operators, and will prioritize reinvesting revenues into marketing. The TV campaigns are planned to continue through 2017.

The increase in TV marketing expenses affects results negatively, but with more active users, who are not subject to future revenue share payments, the Company is confident that these investments will be profitable going forward.

Total deposits were EUR 234 million in 2016, up 89% from EUR 124 million in 2015. These numbers include deposits for the Betit brands before the acquisition in September 2016.

Reported revenues for the B2C segment were EUR 42.4 million in 2016, compared with EUR 14.4 million in 2015. The B2C business had margins of 3.8% in casino and 6.7% in sports betting in 2016, compared with 3.7% for casino and 7.8% for sports betting in 2015.

The number of active users increased in 2016, and comprised 183,521 active users in the three month period ending 31 December 2016. For the same period in 2015, there were 51,654 active users. As of 31 December 2016, the total number of registered users was 1.48 million, compared with 0.27 million as of 31 December 2015.

In November, Betit's three brands, SuperLenny.com, Thrills.com and Kaboo.com migrated to GIG's iGamingCloud platform, and all of the Company's six brands now operate on the iGC platform. Activity tends to be impacted both before and after this type of migration, and the three Betit brands naturally suffered somewhat from the migration, which included the change of both platform and payment gateway.

As a consequence of the Betit transaction, GIG reorganized its B2C operations, to fully benefit from the opportunities to diversify product, marketing and target audience among its six brands. In November, Tomas Bäckman, previously the CEO of Betit Group, was appointed CEO for GIG's new B2C organization. Having B2C Gaming managed by one, dedicated leader will provide more focus and improve resource utilization, co-operation and collaboration within the business area.

GIG launched Poker to the player base of Guts.com in January 2016, based on a license agreement with MicroGaming, whereby MicroGaming will supply their poker software to GIG's operators. GIG also signed a new long-term agreement with its largest supplier, Net Entertainment, effective from October 2016. The new agreement will see GIG benefit from improved rates and conditions on increased volumes.
United Kingdom Gambling Commission has issued MT SecureTrade Limited, a wholly-owned

subsidiary of Gaming Innovation Group (GIG), a combined remote operating license, effective from 3 January 2017, licensing GIG to offer both casino and sportsbetting in the UK market. Entering large sports markets, such as the UK, is an important component in GIG's growth strategy. This license provides GIG with an attractive opportunity to also offer sports betting to UK based customers – through both GIG's own six brands, and a growing number of white labels on the iGC platform.

BETIT GROUP LTD.

In August 2016, GIG acquired all shares in iGaming company Betit Holding Ltd. (Betit), aiming to create one of the largest and fastest growing players in the Scandinavian iGaming market. The acquisition significantly increased GIG's reach to users, marketing partners and highly competent staff.

Betit was founded in 2013 and owned the three iGaming operators Kaboo.com, SuperLenny.com and Thrills.com. The main shareholder of Betit, Optimizer Invest, is an iGaming investment company founded and owned by iGaming executives Henrik Persson, Andre Lavold and Mikael Riese Harstad.

Increasing operations to six internal brands, the acquisition will create attractive commercial, operational and technological synergies, as well as enable cost savings and accelerated growth. Through use of innovative and proprietary products, digital marketing and by setting the benchmark for user experience, the combined company aim is to become a market leader.

Betit's proprietary Ransom front-end platform enables synergies between the brands and provides powerful marketing capabilities such as innovative gamification and CRM features, in addition to providing a best in class mobile product for all brands. Following an integration of each of GIG's three operator brands, which is expecting to commence and complete in 2017, this will also enhance the offering of GIG's gaming brands going forward and is highly complementary to GIG's current offering

B2C - IGC

iGamingCloud (iGC) is GIG's cloud-based platform services, offering a full spectrum of services for iGaming operators. iGC was launched in January 2015, with Betspin.com as the first brand operating on the platform. Guts.com migrated from its previous platform in June 2015. The first external client commenced operations in September 2015, and remained the only external client live on the platform as of year-end 2015. A total of ten external clients were signed during 2015.

14 new clients were signed in 2016, resulting in a total of 24 external clients signed as of year-end, exceeding the Company's target of 20 signed agreements by the end of 2016. Some clients operate more brands, and, including GIG's six brands, 31 brands will operate on the platform.

The clients signed vary from new start-ups, to so-called Tier-1 operators. Dafabet signed with iGC early in 2016 to launch their Sportsbook into new markets, and commenced operations in August. The largest betting company in Slovakia, Niké, signed with iGC in 2016. The Slovakian market is being regulated, and Niké will operate their online casino and sportsbook nike.sk utilizing the iGC platform. iGC targets leading local companies in regulated markets, and as such, this was an important agreement.

iGC experienced a rapid increase in activity in 2016, with additional clients going live month by month, and by the end of 2016, 26 brands were live on the platform, including GIG's six brands. The three Betit brands migrated to the iGC platform in November. Total database transactions increased 204% from 427 million in the fourth quarter 2015, to 1.3 billion in the fourth quarter 2016, reflecting rapidly increasing overall activity in the ecosystem.

During the second quarter of 2016, the Company experienced some difficulties meeting demand and completing its technical roadmap, as access to qualified staff was limited. As a result, integration of some new clients was delayed. GIG addressed the hire of new qualified tech staff in order rectify the situation: To meet current demand and capitalise on the opportunity to establish the Company as a large services provider for the sector, the Company went through a considerable increase in staff count in 2016. Hiring activity decreased towards the end of the year. The Company sees the hiring strategy as successful and is focused on operational excellence going forward.

iGC also focused on the development of the features, functionality and third-party services available through the platform. A total of 11 Gaming Services Providers (GSPs), 18 Payment Services Providers (PSPs), and a range of ancillary services are available through the platform – which offers in excess of 1,500 games and up to 170,000 sporting events through its casino and sports solutions. iGC also completed integration with MicroGaming's poker network in Q1 2016.

The Company continues to develop the iGC platform, including hardware, features, functionality and third-party services available through the platform. Such development and integration of clients incur significant one-off operational expenses, but minimal variable expenses. It helps current clients generate more revenues, while broadening the potential client base. The Company expects a positive contribution going forward.

GIG obtained a Class 4 Remote Gaming License from the Malta Gaming Authority for its subsidiary BettingCloud Ltd. in December. This B2B supplier license allows the Company to supply its sports betting product to other licensed operators, and constitutes a major milestone, as the Company is now a fully licensed B2B gaming service provider for the Sportsbetting vertical. The first operator that was launched on the BettingCloud license was the Germany-based operator Wetten.com, which signed an agreement with iGC earlier in 2016.

ODDSMODEL

In March 2016, GIG purchased the sports betting technology company OddsModel. The acquisition was a milestone in GIG's ambition to offer a leading platform for Sportsbooks. OddsModel had for several years developed software used for automated and manual pricing of global betting markets. The company produces data utilized to generate real-time pricing of Pre-Match and In-Play sports events, using quantitative methods and proprietary analytical models that are complementary to third party odds providers.

Through this transaction, GiG also took over a team of top class, experienced traders, who are sourcing the very best information and data into technology platforms to trade sports and hedge risk. By deriving prices from sports data, the traders are executing betting strategies, using automated software "trading-robots".

The main rationale for the OddsModel acquisition was the integration of the proprietary odds product with current B2C and B2B services, as well as the creation of a new, pure B2B odds service. GIG continues to develop the technology to produce proprietary odds through its subsidiary OddsModel AS, with a vision to be the leader in data driven odds. The technology will be commercialized in 2017, and will be integrated into BettingCloud, which will then offer a range of services that includes odds feeds, content services, betting engine, risk management and trading tools. The solutions will be sold independently, and can be bundled seamlessly with GIG's iGamingCloud platform.

INNOVATION LABS

GIG's affiliate marketing business in Innovation Labs refers new players to online casinos through perpetual revenue share agreements, click per acquisition (CPA), or a combination of these. The Company has referred players for almost 10 years, but in 2015 it started to purchase affiliate networks through bolt-on acquisitions. Affiliate marketing has solid margins and economies of scale, which increases the value when adding more networks to the operations.

Innovation Labs serves both the Company's own brands and clients on the iGC platform, as well as external operators. By referring new players to iGC clients, GIG sees an upselling effect in more volume through the iGC platform.

Spaseeba AS, a sizable performance-marketing firm for online gaming focusing on the Nordic market, was acquired in May 2015. Later in 2015, a Finnish affiliate network and an Estonia-based affiliate network were acquired, adding to GIG's existing operations, and to the Company's cash flow going forward.

In early 2016, Innovation Labs acquired two additional affiliate networks, Delta Markets, based in the Netherlands, and Magenti Media, based in Sweden. The acquisitions include a four-figure number of referral sites, a highly experienced team of Search Engine Optimization (SEO) experts, and recurring revenues from the existing portfolio of affiliate accounts with partnering operators. Delta Markets was integrated with Innovation Labs' operations from the start of April, and Magenti Media was integrated from mid-May, further strengthening Innovation Labs' presence as an online traffic driver for the iGaming industry.

For the full year 2016, 36,100 FTDs were referred, compared with 10,000 in 2015. 19% were referred to own brands, 14% to iGC clients and 67% to other operators. The increase in referred FTDs in 2016 is a result of both organic growth and the acquisitions of Delta Media and Magenti Media, which were acquired in the second quarter of 2016. The acquisitions made in 2015 and 2016 have significantly strengthened Innovation Labs' presence as an online traffic driver for the iGaming industry.

STRATEGIC UPDATE & OUTLOOK

The Betit acquisition is now completed. Betit's three brands were migrated in late November, and are now fully operational on GIG's iGC platform. A new GIG Gaming organization has been established for the B2C operations, to better utilize resources among the Company's six brands. GIG also plan to launch a new brand in 2017 that will fully utilize the gamification and customer specific capabilities in the iGC platform. Marketing spend in 2016 has seen a strong ROI, especially for Rizk, and the Company sees opportunities to grow its brands by applying this experience in 2017. The TV campaigns will expand to more countries and more brands, in addition to other marketing channels, such as affiliates and digital. GIG is planning for strong growth in 2017, and given successful campaigns, operational profits may be reinvested into marketing, to further increase future growth and ROI, although hurting short-term profits.

iGaming Cloud added 22 new brands through 2016, and the remaining external brands that are not in operation, are expected to go live during the first half of 2017. GIG expects to sign more clients through 2017, and with predicted overall growth on existing brands, as well as new clients, revenue growth and increased profits are expected in 2017.

For the affiliate business in Innovation Labs, GIG expects continued organic growth in referred

FTDs and revenue through 2017. In addition, the Company is actively seeking new bolt-on acquisitions that will benefit the current operations, and increase FTDs and revenue.

The Group remains optimistic with regards to its strategic, operational and financial development in 2017. Given the identified growth potential and the acquisitions made in 2016, the Company expects to continue its revenue growth and anticipates 2017 revenues to exceed EUR 120 million.

FINANCIAL PERFORMANCE

Consolidated revenues for the full year 2016 amounted to EUR 53.60 million, a 202% increase from EUR 17.75 million in 2015. Excluding Betit, the increase was 145%. Cost of sales amounted to EUR 9.28 million in 2016, compared with EUR 4.04 million in 2015. Gross profits were EUR 44.32 million, up 223% from EUR 13.71 million in 2015. The gross margin was 83% in 2016, compared with 77% in 2015.

Marketing expenses amounted to EUR 19.09 million in 2016 (36% of revenues), compared with EUR 7.67 million in 2015 (43% of revenues). The increase is mainly due to the TV marketing campaign that was initiated in the second half of 2015 and continued through 2016. Other operating expenses amounted to EUR 19.41 million in 2016, compared with EUR 8.10 million in 2015. The higher operating expenses are a result of overall increased activity and a higher number of employees. Included in the operating expenses are non-recurring transaction expenses of EUR 0.34 million, related to the acquisition of Betit.

EBITDA for 2016 amounted to EUR 5.82 million (EUR 6.16 million adjusted), compared with EUR -2.06 million in 2015. Depreciation increased to EUR 3.05 million in 2016, from EUR 0.92 million in 2015.

Operating income (EBIT) for 2016 was EUR 2.77 million, compared with EUR -2.98 million in 2015.

Net other income was EUR -0.01 million in 2016, compared with EUR 0.86 million in 2015. Other income includes EUR 1.34 million in market adjustment gain from derivative assets (EUR 0.52 million in 2015), see note 13. The net result amounted to EUR 2.39 million in 2016, compared with EUR -2.16 million in 2015.

Cash Flow

The consolidated net cash flow from operational activities amounted to EUR 2.22 million in 2016 (EUR -1.22 million in 2015). Net cash flow from investments was EUR -5.06 million in 2016, (EUR -1.60 million in 2015). Cash flow from financing activities for 2016 amounted to EUR 7.05 million (EUR 3.75 million in 2015).

Cash and cash equivalents increased by EUR 3.94 million in 2016 (increased by EUR 0.81 million in 2015). As of 31 December 2016, holdings of cash and cash equivalents amounted to EUR 6.04 million, compared with EUR 2.09 million as of 31 December 2015. Cash holdings include EUR 4.62 million in fiduciary capacity, which is customer monies, which use is restricted, in accordance with the Remote Gaming Regulations.

Financial position

As of 31 December 2016, GIG had total assets of EUR 126.31 million, including goodwill resulting from the acquisition of Betit of EUR 41.6 million (see note 7).

Net interest bearing debt as at 31 December 2016 was EUR 6.07 million, compared with EUR 3.57 million as at 31 December 2015.

For more information, see the attached 2016 Consolidated Financial Statements with accompanying notes.
The Board of Directors propose 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 2016.

CORPORATE GOVERNANCE

The Board of Directors has, to the best of its knowledge, ensured that the Company has implemented sound corporate governance, and the Company's Board of Directors and management comply with the Norwegian Code of Practice for Corporate Governance. Adherence to the Code of Practice is based on the "comply-or-explain" principle, and a detailed description of the Company's adherence to the Code of Practice is included on page 23 of this Annual Report.

SHAREHOLDER MATTERS

Gaming Innovation Group Inc. is listed on the Oslo Stock Exchange, Norway, with the ticker symbol "GIG". As of 1 January 2016, the number of authorized shares in the Company was 750,000,000, whereof 502,120,952 were issued and outstanding, each with a par value of US$ 0.10. At the same date, the Company owned 415,000 treasury shares.

In January 2016, GIG issued 23,000,000 new shares at a share price of NOK 1.95, directed towards a Swedish fund manager, securing net proceeds to the Company of approximately EUR 4.5 million.

In May 2016, the Company issued 83,435,314 new shares of its common stock, whereof 4,336,314 and 8,960,000 shares were issued as partial payment for the purchases of affiliate assets from Delta Markets B.V. and Magenti Media AB respectively, and 21,739,000 shares were issued as payment for the purchase of OddsModel AS. 47,900,000 shares were issued as the earn-out consideration for 2015 to the sellers of Gaming Innovation Group Ltd., and, finally, 500,000 shares were issued for the exercise of an option at a share price of NOK 1.30 per share.

In connection with the purchase of the minority interests in GIG's subsidiary Candid Gaming Ltd. in December 2014, GIG shares were issued to a trust for the benefit of key employees. In May, it was agreed to return the remaining 8,500,000 shares in the trust to the Company, increasing GIG's holding of own shares from 415,000 to 8,915,000.
In a special shareholder meeting in August 2016, the number of authorized shares was increased to 950,000,000.

In September 2016, the Company issued 210,000,000 new shares of its common stock, whereof 153,500,000 shares as payment for the acquisition of Betit Holding Ltd., and 56,500,000 shares for the acquisition of the 10% minority interest in GIG's subsidiary iGaming Cloud Ltd.

8,150,000 options were outstanding as of 1 January 2016. In February 2016, the Company redeemed and re-granted 1,500,000 options, with new terms being an exercise price of NOK 2.40 per share, and exercise of 1/3 in February 2018, 1/3 in February 2019 and 1/3 in February 2020, pending continued employment for the employee.

In May, the Company granted 2,220,000 new options to key employees, at an exercise price of NOK 4.00 per share. 720,000 of the options are exercisable with 1/3 in May 2018, 1/3 in May 2019 and 1/3 in May 2020, and the remaining 1,500,000 options are exercisable with 1/3 in September 2018, 1/3 in September 2019 and 1/3 in September 2020, pending employment and fulfillment of certain operational targets. Also, 1 million options were issued related to Magenti Media, at an exercise price of NOK 3.77 per share.

Employees holding options exercised their rights to buy 1,050,000 shares in 2016, at share prices of NOK 1.25 and NOK 1.50 per share. GIG has transferred part of its treasury shares to the optionees.

The Company had approx. 3,600 shareholders as of 31 December 2016, and the total number of outstanding shares was 818,556,266. At the same date, the Company owned 7,965,000 treasury shares. 9,320,000 options were outstanding as at 31 December 2016.

For more details on shares and options, see note 21 to the Consolidated Financial Statements.

In the Share Purchase Agreement from February 2015 between the Company and the previous shareholders of Gaming Innovation Group Ltd., the sellers are entitled to a variable consideration of up to 125 million earn-out shares, provided that the Company reaches a combined revenue of EUR 63 million or more in 2015 and 2016. The number of earn-out shares will be determined upon the final audited accounts, based on the assumptions agreed. For the year 2015, 47.9 million earn-out shares were issued in May 2016. Given the Company's audited financial statements for 2016, the earn-out target was achieved, and the remaining 77.1 million earn-out shares will be issued in Q2 2017. Subsequent to year-end 2016, the Board approved an option plan for employees for up to 20,000,000 shares. Options granted under the plan will have a six year term with 20% vesting after one year, 30% after two years and 50% after three years. A total of 10,225,000 options have been granted under this plan, at an exercise price of NOK 4.00 per share. The Board also granted extensions to existing outstanding options to employees, so that they expire three years after last vesting date. The reason for this is to have terms coinciding for all employee options, and to provide key employees further incentives to stay with the Company.

Also in 2017, employees holding options exercised their rights to buy 600,000 shares at share prices of NOK 1.30 and NOK 1.50. GIG transferred part of its treasury shares to the employees.

BOARD OF DIRECTORS AND MANAGEMENT

As of 1 January 2016, the Company's Board of Directors comprised four members, with Helge Nielsen as Chairman, and Jon Skabo, Morten Soltveit and Christopher Langeland as directors. The annual meeting of the shareholders in Gaming Innovation Group Inc. was held on 12 May 2015 in Oslo. Nielsen, Skabo and Soltveit were re-elected as board directors, and Kjetil Myrlid Aasen was elected as a new board director, to replace Langeland.

In a special meeting of the shareholders on 31 August 2016, Andre Lavold was elected as a new board director, increasing the number of board members from four to five.

Robin Eirik Reed has been the Company's CEO during 2016.

The Board of Directors comprises:

Helge Nielsen, Chairman
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 organizations and responsible for major restructuring processes. Currently Mr. Nielsen runs his own consultancy company, which provides management for hire. He also holds various directorships.

Jon Skabo, Director
Jon Skabo is currently partner in Skabo Offshore Ltd. From 2001 to 2006, Mr. Skabo was partner at S&T Energy N.V., from 1993 to 2001, partner at Jan Sundt AS, and from 1989 to 1993 shipbroker at Jan Sundt AS. Mr. Skabo's work experience includes

involvement in the stock exchange listings of Safe Offshore ASA, Sævik Supply ASA, Havila Supply ASA and Deep Sea Supply ASA, as well as work with new building of 15 FPSOs and Drilling Rigs, and sales of multiple second hand units.

Morten Soltveit, Director
Morten Soltveit graduated from the University of Aarhus, as a Master of Law and a B.Sc. in Business Administration. He is a major co-founder of several investment companies, primarily in real estate and financial technology. Furthermore, Mr. Soltveit has deep insight in the online payment industry and ecosystems.

Kjetil Myrlid Aasen, Director
Kjetil Myrlig Aasen graduated from the University of Bergen with a master's degree in Statistics. He is the founder and owner of the investment company Bergen Sports Consulting AS, a software company that delivers strategic analysis and statistical models to various companies in the gaming industry, and to football federations. Aasen has been a major shareholder in several start-up companies, including in the gaming industry.

Andre Lavold, Director
Andre Lavold has extensive experience from the iGaming industry. Current assignments include Partner and Co-Founder of Optimizer Invest, Board Member of Catena Media (publ), Board member of Sequra, and Board Member of Tinitell AB. He has previously held positions as Co-Founder of Betsafe Group, Co-Founder of NordicBet Group, and Business Development Director at Betsson Group.

Nielsen, Skabo, Soltveit and Aasen are independent of the Company's large shareholders, while Lavold owns 42.5% in Optimizer Invest Ltd., which owns 16% of GIG. Nielsen and Aasen owns directly or indirectly approx. 8.3% and 26.7% in Bryggen Holding AS, which owns 16% in GIG, but do 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 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 30 to the Consolidated Financial Statements.

BOARD OF DIRECTORS' AND MANAGEMENT'S SHAREHOLDING

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 of December 31, 2016 and 2015, respectively.

Name	Position	Shares December 31, 2016	Options & Warrants December 31, 2016	Earn-out shares related to 2016 performance 1)
Helge Nielsen	Chairman	847,362 2)	0	0
Jon Skabo	Director	11,363,954	0	0
Morten Soltveit	Director	212,000	0	0
Kjetil Myrlid Aasen	Director	0 2)	0	0
Andre Lavold	Director	1,500,000 3)	0	0
Robin Reed	Group CEO	58,134,881	0	13,949,391
Tore Formo	Group CFO	4,081,670	500,000	0
Mikael Ångman	Chief Operating Officer	0	1,500,000	0
Morten Hillestad	Chief Strategy Officer	295,932 2)	0	0
Matti Metsola	Chief Legal and Compliance Officer	835,826	0	190,714
Beverly Fairclough	Chief People Officer	0	1,125,000	0
Mike Broughton	Chief Technology Officer	4,629,190	0	1,056,261
Justin Psaila	CFO Malta	21,000	720,000	0

1) Close associates of Reed, Metsola and Broughton will receive earn-out shares in connection with the acquisition of Gaming Innovation Group Ltd. in 2015 (see note 21)
2) In addition, Bryggen Holding AS (a company controlled directly or indirectly 8.3% by Helge Nielsen, 26.7% by Kjetil Myrlid Aasen, and 32.8% by Morten Hillestad) owns 104,446,123 shares, as well as 13,732,271 earn-out shares in connection with the acquisition of Gaming Innovation Group Ltd. in 2016 (see note 21)
3) Andre Lavold represents and owns 42.5% in Optimizer Invest Ltd., which holds 131,234,565 shares.

Name	Position	Shares 31 December 2015	Options & warrants 31 December 2015	Earn-out shares pending performance in 2015 and 2016
Helge Nielsen	Chairman	747,362	0	0
Jon Skabo	Director	11,981,954	0	0
Morten Soltveit	Director	212,000	0	0
Christopher Langeland	Director	6,436,818	0	1,362,853
Robin Reed	CEO	52,468,528	0	22,615,745
Tore Formo	CFO	4,081,670	500,000	0

PERSONNEL AND ORGANIZATION

Gaming Innovation Group Inc. has its registered address in Bokeelia, Florida (USA), and the group's operations are mainly carried out from Malta. As of 31 December 2016, the Company had 391 employees.

GIG has undergone a transformational change, evolving from an affiliate, to an operator, and ultimately to the technology firm it is today. In this process, GIG has grown from a dozen employees, to currently exceeding 400 persons. Following a period of strong growth in all business areas, GIG has established a Group executive management, and in 2016 Mikael Ångman was recruited as the new Chief Operating Officer, while Beverley Fairclough joined GIG as Chief People Officer in November. Following these appointments, Robin Reed is able to focus solely on the role as the Group CEO.

A majority of the employees are in Malta, and the Company has signed a lease for new headquarters in Malta, currently under construction. The building will be constructed in two phases and will total 4,000 m2, with phase one projected to finish in Q3 2017.

The Company has had stock option programs for its employees, and options were granted to key employees in 2016. Warrants and options are detailed in note 21 to the Financial Statements.

Of the Company's 391 employees, 30% are female. In future recruitment of new staff, the Company will continue to encourage diversity, including but not limited to, gender, cultural background and experience. Absence due to sickness is low, and, in the opinion of the Board of Directors, the Company's working environment is good.

The Company does not pollute the external environment. The Board of Directors takes responsibility for the Company's impact on the environment, while the Company's management is tasked with setting and following up on environmental goals, as well as compliance with legislation and regulations.

RISK

In previous years, the Company has suffered recurring losses from operations. 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.

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 characterized 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 and services. In addition, there is risk associated with the marketing and sale of new products.

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 licenses to offer its various services. Obtaining and maintaining such licenses is therefore essential to the achievement of commercial success for GIG.

GIG conducts B2C (business-to-consumer) activities through its group-owned online gaming websites guts.com, rizk.com, betspin.com, superlenny.com, thrills.com and kaboo.com. The websites are licensed and regulated by the Malta Gaming Authority (MGA) for customers everywhere, except the United Kingdom, and by the United Kingdom Gambling Commission (UKGC) for customers in the United Kingdom. MGA licenses cover all product lines (casino, sports betting, poker), whereas the UKGC license covers 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.

GIG conducts B2B (business-to-business) activities through the offer of its in-house developed online gaming platform software, iGamingCloud. The software has been certified as compliant with the Remote Gaming Regulations of Malta. According to UK laws and regulations, a company that manufactures, supplies, installs or adapts gambling software (such as iGamingCloud) used in connection with remote gambling, must have a remote gambling software license. GIG has such a license, and is therefore able to supply gambling software to UKGC licensed B2C operators, as well.

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 the markets where GIG is active, but it is possible that, in the future, some countries will extend the scope of gaming laws and regulations to cover this type of business also. 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.

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

30 April 2017

Helge Nielsen	**Jon B. Skabo**	**Morten Soltveit**	**Andre Lavold**	**Kjetil Aasen**	**Robin Reed**
CHAIRMAN	DIRECTOR	DIRECTOR	DIRECTOR	DIRECTOR	CEO

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 2016. 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 2016 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 2016 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.

30 April 2017

Helge Nielsen	**Jon B. Skabo**	**Morten Soltveit**	**Andre Lavold**	**Kjetil Aasen**	**Robin Reed**
CHAIRMAN	DIRECTOR	DIRECTOR	DIRECTOR	DIRECTOR	CEO

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REVIEW 2016

Gaming Innovation Group is committed good corporate governance to ensure trust in the company and maximize 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 public limited company incorporated in the State of Delaware, with its registered office in Bokeelia, Florida, USA and operations in Malta. As a Delaware company, GIG is subject to Delaware company legislation and regulations. In addition, certain aspects of Norwegian Securities law apply to the Company due to its listing on the Oslo Stock Exchange, 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 30 October 2014 ("Code of Practice"). The Company aims for compliance in all essential areas of the recommendation, however as a Delaware company there will be points where the Code of Practice is not fully met. The Code of Practice is available at www.nues.no/eng.

Application of the Code of Practice is based on a "comply-or-explain" principle, and any deviation from the Code of Practice 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 report is presented in the company's annual report.

This corporate governance report is structured to cover all 15 sections of the Code of Practice, and describes the Company's corporate governance in relation to each section of the Code of Practice. Per 31.12.2016, the Company complies with the Code of Practice in all material respects, but deviated on the following points:

- Formulation of guidelines for ethics and CSR (section 1)
- Board authorization to issue new shares (section 3)
- Establishment of nomination committee (section 7)
- Term of office for board members and election of Chairman (section 8)
- Formulation of instructions to the Board and CEO, and establishment of audit committee (section 9)
- Formulation of guidelines for use of the auditor for services other than auditing (section 15)

Values and ethical policies

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 in compliance with all laws and regulations affecting our business. The Company has not defined ethical and CSR guidelines in accordance with the Company's basic corporate values as recommended by the Code of Practice.

2. BUSINESS

The Code of Practice is in material respects complied with through the Company's articles of association and 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 web site. These goals, along with the strategic areas for attaining them, are described in more detail elsewhere in the annual report and on the Company's web site.

3. EQUITY AND DIVIDENDS

The Code of Practice is in material respects complied with.

GIG's equity at 31 December 2016 was EUR 107.1 million (83.5%). 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 equity capital sufficient. The Board of Directors constantly assesses the Company's need for financial strength in light of 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. According to common practice for Delaware companies, the Company has an authorized number of shares available which is higher than the current number of issued shares. The authorized number of shares has been approved by the shareholders in a Special Meeting of the Shareholders. In compliance with the Company's by-laws and Delaware corporate law, the Board of Directors may issue shares up to this limit without any further shareholder approval.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The Company is compliant with the Code of Practice. The Company has only one class of shares, which is listed on the Oslo Stock Exchange.

Under Delaware law, no pre-emption rights of existing shareholders exists, but 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 waive 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 a stock exchange announcement issued in connection with such increase in the share capital.

The Company owns treasury shares. When the Company carries out transactions in its own shares, it will be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. Any transactions carried out by the Company in treasury shares will be reported to the Oslo Stock Exchange.

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 into on arms-length conditions.

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

5. FREELY NEGOTIABLE SHARES

The Company is compliant with the Code of Practice. The Company has no limitations on the ownership or sale of the Company's shares, except for the lock-up related to certain shares issued as payment for acquisitions made by the Company. 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 Code of Practice is in material respects complied with. Notices for shareholder meetings with resolutions and any supporting documents are announced on the Oslo Børs and the Company's web, and sent by mail to all known shareholders according to the Company's by-laws and articles of association. The Company's by-laws require a minimum of 10 days' notice to the shareholders, but the Company aims to give the shareholders a 21 days notice when calling for shareholder meetings. 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.

The Company's chairman is normally chairing the annual shareholder meeting, and the board of directors are normally attending. It is allowed to vote separately on each candidate nominated for election to the Company's corporate bodies. The annual 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.

7. NOMINATION COMMITTEE

The Code of Practice in this instance is not complied with. As a Delaware corporation, the governing law does not require a nomination committee, and the Company does not have a nomination committee. The Board nominates new board members after consulting with the Company's larger shareholders.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Company does not have a corporate assembly.

For the board of directors, the Code of Practice is in material respects complied with. The annual shareholders meeting elect 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.

The current board of directors consists of five members, whereof three are independent of the Company's main shareholders. All of the board members own shares in the Company, either directly or indirectly. Information about the current board members and their expertise, independency and shareholdings can be found in the 2016 annual report.

As a Delaware company, the board members have unlimited periods, but the board members can be proposed, elected and re-elected at the Annual Shareholders Meeting. For the election of a new Board at the next annual shareholder meeting, the Company will aim to propose a composition that will be in line with the provisions in the Code of Practice. The Chairman of the Board is elected by the by the Board of Directors according to the Company's by-laws.

9. THE WORK OF THE BOARD OF DIRECTORS

The Code of Practice is in material respects complied with, apart from that the Board of Directors has not developed separate instructions for the Board of Directors and the CEO. 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 consist of participating in compiling the Company's strategy. The Board of Directors appoints the CEO.

Following the annual shareholder meeting, the Board of Directors will appoint a remuneration committee and establish 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.

GIG is not considered a large company and does not have an audit committee.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Code of Practice is complied with. The Board of Directors constantly assesses the Company's need for necessary internal control systems for risk management in light of 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 Code of Practice is in material respects complied with. 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. No board members have share options and no board members take part in incentive programs available for management and/or other employees. The board members do not receive any additional remuneration for attending committees. Remuneration to the board are listed in Note x in the 2016 annual report.

As a general rule, 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 full Board and the remuneration shall be approved by the Board.

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Code of Practice is complied with. The remuneration for the Chief Executive Officer 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 and the Company's incentive stock option programs are described in Note x in the 2016 Annual Report.

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 chief executive officer (CEO) and chief financial officer (CFO), 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 or bylaws regarding company take-overs, and the Board of Directors is pragmatic with respect to a possible takeover of the Company.
If a take-over 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 under such circumstances is to maximize value for the shareholders, while simultaneously looking after the interest of the company's employees and customers.

15. AUDITOR

The Company does not have an audit committee. This task is performed by the Board of Directors in collaboration with the CFO.
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 tax advice generally.
For the 2016 fiscal year, the auditors participated in the board meeting that approved the annual financial statements and presented to the board a review of its work and the Company's internal procedures. The auditors are also available for questions and comments at the Board of Directors' discretion.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gaming Innovation Group Inc.

Report on the Consolidated Financial Statements for the Years Ended 31 December 2016 and 2015

We have audited the consolidated and stand-alone financial statements of Gaming Innovation Group Inc., which comprise the statements of financial position as at 31 December 2016 and 2015, and the statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

The Board of Directors' and the Chief Executive Officer's Responsibility for the Consolidated Financial Statements
As explained more fully in the statement of the Board of Directors' and Chief Executive Officer's responsibilities for the consolidated financial statements, the Board of Directors and Chief Executive Officer are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the requirements of the Norwegian Accounting Act, and for such internal control as the Board of Directors and the Chief Executive Officer determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the entity, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Company and the Parent as at 31 December 2016 and 2015, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended in accordance with IFRS as adopted by the EU and the preparation requirements of the Norwegian Accounting Act.

Independent Auditor's Report – (continued)

To the Shareholders of Gaming Innovation Group, Inc.

Report on Other Legal and Regulatory Requirements for the Years Ended 31 December 2016 and 2015

We also have responsibilities under the Norwegian Accounting Act, to report to you if, in our opinion:

- The information given in the Board of Directors' and Chief Executive Officer's reports are not consistent with the consolidated financial statements.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The consolidated financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the consolidated financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

Israeloff Trattner Co., P.C.
1225 Franklin Ave,
Garden City, New York 11530

30 April 2017

CONSOLIDATED FINANCIALSTATEMENTS

STATEMENTS OF COMPREHSENSIVE INCOME (LOSS)

For the years ending 31 December 2016 and 2015

		COMPANY		PARENT	
			Restated		Restated
	Notes	**2016**	**2015**	**2016**	**2015**
				-	-
Revenues	2,4,23	53.604.995	17.749.037	-	-
Cost of sales	24	9.284.807	4.042.188	-	-
Gross profit		44.320.188	13.706.849		
Operating expenses				-	-
Personnel expenses	27	12.079.330	3.864.600	-	-
Depreciation & amortization		3.046.246	922.351	-	-
Marketing expenses		19.093.533	7.670.104	137.810	21.689
Other operating expenses	25	7.331.472	4.234.258	137.810	21.689
Total Operating Expenses		**41.550.581**	**16.691.313**		
				(137.810)	(21.689)
Operating income (loss)		2.769.607	(2.984.464)		
Other income (expense)				961	633.831
Other Income (expense)	28	(1.349.374)	337.265	1.337.674	521.154
Unrealized gain on derivative asset	9	1.337.674	521.154	1.338.635	1.154.985
Total other income (expense)		(11.700)	858.419		
				1.200.825	1.133.296
Results before income taxes		2.757.907	(2.126.045)		
				-	-
Income tax expense	26	363.842	31.438		
				1.200.825	1.133.296
Net results		2.394.065	(2.157.483)		
Other comprehensive income (loss)				-	-
Exchange differences on translation of foreign operation	2	(199.850)	(150.368)		
Fair value movement in available for sale investments	12	(69.459)	-	(69.459)	(33.459)
Total other comprehensive income (loss)		(269.308)	(150.368)	(69.459)	(33.459)
Total comprehensive income (loss)		**2.124.756**	**(2.307.851)**	1.131.366	1.099.837
Total comprehensive income (loss) attributable to:					
Owners of the parent	2,11	2.237.893	(2.204.057)		
Non-controlling interests	2,11	(113.137)	(103.794)		
Total comprehensive income (loss)		2.124.756	(2.307.851)		
Earnings per share attributable to Gaming Innovation Group Inc.					
Basic earnings (loss) per share		0,00	-0,01		
Diluted earnings (loss) per share		0,00	-0,01		
Weighted average shares outstanding		629.595.518	405.056.147		
effect of dilutitive shares		2.513.622	-		
Diluted weighted average shares outstanding		632.109.140	405.056.147		

For restatement see accompanying note 3 to the consolidated financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016 AND 2015

		COMPANY		PARENT	
			Restated		Restated
	Notes	**2016**	**2015**	**2016**	**2015**
ASSETS					
Non-current assets					
Goodwill	2,8	63.954.856	15.690.914	-	-
Intangible assets	2,8	41.204.449	11.857.199	-	-
Property, plant and equipment	2,9	959.289	510.325	-	-
Investment in subsidiaries	11	-	-	111.203.797	28.186.185
Deferred income tax assets	20	696.037	12.919	-	-
Other non-current assets	17	192.494	247.741	-	-
Available-for-sale financial assets	12	586.166	655.626	586.166	655.626
Total non-current assets		107.593.291	28.974.724	111.789.963	28.841.811
Current assets:					
Derivative assets	9	-	1.365.780	-	1.365.780
Trade and other receivables	14	12.532.193	3.474.238	2.597.042	2.800.214
Cash and cash equivalents	15	6.035.177	2.091.721	1.641	507
Prepaid and other current assets	16	147.792	159.805	-	-
Total current assets		18.715.162	7.091.544	2.598.683	4.166.501
Total assets		126.308.453	36.066.268	114.388.646	33.008.312
Liabilities and Shareholders' Equity					
Shareholders' equity:					
Share capital issued	21	71.639.353	43.410.350	71.639.353	43.410.350
Share premium	21	33.670.454	(13.231.913)	36.595.156	(13.055.985)
Accumulated translation income (loss)		(339.786)	(139.936)	-	-
Retained earnings (deficit)		198.879	(2.089.873)	3.776.620	2.618.317
Total equity attibutable to owners of the Company		105.168.900	27.948.628	112.011.129	32.972.682
Non-controlling interests		5.957	(102.156)	-	-
Total equity		105.174.857	27.846.472	112.011.129	32.972.682
Liabilities					
Long term liabilities:					
Long term loans	19	2.660.921	1.541.375	-	-
Total long term liabilities		2.660.921	1.541.375	-	-
Current liabilities:					
Trade payables and accrued expenses	18	15.065.681	4.647.030	2.377.517	35.630
Short term loans	19	3.406.994	2.031.391	-	-
Total current liabilities		18.472.675	6.678.421	2.377.517	35.630
Total liabilities		21.133.596	8.219.796	2.377.517	35.630
Total equity and liabilities		126.308.453	36.066.268	114.388.646	33.008.312

For restatement see accompanying note 3 to the consolidated financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDING 31 DECEMBER 2016 AND 2015

COMPANY

	Treasury shares	Common Stock Shares issued	Common Stock Shares Outstanding	Common Stock Amount	Treasury Shares at cost	Share Premium/ Adjustment	Non-controlling interest	Comprehensive inc/loss	Retained Earnings (Deficit)	Total Equity
Balance at January 1, 2015	-	317.000.000	317.000.000	28.190.810	-	(25.775.390)	494.302	6.157	(212.113)	2.703.766
Exchange of shares of GIG for Nio Inc.	36.000.000	173.974.950	137.974.950	14.226.572	(705.642)	9.199.745	(492.664)	4.275		22.232.286
Sale of subsidiary interest						1.000.000				1.000.000
Exercise of warrants	(1.025.000)	5.125.000	6.150.000	455.766	33.015	426.013				914.794
Issuance of treasury shares in repayment of debt and purchase of affiliates	(25.560.000)	-	25.560.000		672.627					672.627
Issuance of shares in repayment of debt and purchase of affiliates		6.021.000	6.021.000	537.202	-	1.125.246				1.662.448
Share compensation expense						123.775				123.775
Recording of derivative asset						844.626				844.626
Net results							(103.794)		(2.053.688)	(2.157.482)
Exchange differences on translating foreign operations								(150.368)		(150.368)
Balance at 31 December 2015 restated	9.415.000	502.120.950	492.705.950	43.410.350	-	(13.055.985)	(102.156)	(139.936)	(2.265.801)	27.846.472
Issuance of shares	(1.450.000)	23.000.000	24.450.000	2.146.050		2.477.419	-	-	-	4.623.469
Exercise of options	(100.000)	500.000	600.000	-		85.985				85.985
Earn out shares issued		47.900.000	47.900.000	4.273.528		(4.273.528)				-
Issuance of shares for purchase of affilate businesses and subsidiaries		245.035.314	245.035.314	21.809.425		51.081.092	221.250		(42.522)	73.069.245
Share compensation expense						**(66.777)**				**(66.777)**
Change in value of available-for-sale financial assets						125.702				125.702
Change in value of derivative						(2.703.454)				(2.703.454)
Net results							(113.137)		2.507.202	2.394.065
Exchange differences on translation								(199.850)	-	(199.850)
Balance at 31 December 2016	**7.865.000**	**818.556.264**	**810.691.264**	**71.639.353**	**-**	**33.670.454**	**5.957**	**(339.786)**	**198.879**	**105.174.857**

For restatement see accompanying note 3 to the consolidated financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDING 31 DECEMBER 2016 AND 2015

PARENT

	Treasury shares	Common Stock Shares issued	Common Stock Shares Outstanding	Common Stock Amount	Treasury Shares at cost	Share Premium/ Adjustment	Retained Earnings (Deficit)	Total Equity
Balance at January 1, 2015	-	317.000.000	317.000.000	28.190.810	-	(25.775.390)	1.006.869	3.422.289
Exchange of shares of GIG for Nio Inc.	36.000.000	159.974.950	137.974.950	14.226.572	(705.642)	9.711.356	-	22.232.286
Sale of subsidiary interest	-	-	-	-	-	1.000.000	-	1.000.000
Exercise of warrants	(1.025.000)	5.125.000	6.150.000	455.766	33.015	426.013	-	914.794
Issuance of treasury shares in repayment of debt and purchase of affiliates	(25.560.000)	-	25.560.000	-	672.627	-	-	672.627
Issuance of shares in repayment of debt and purchase of affiliates	-	6.021.000	6.021.000	537.202	-	1.125.246	-	1.662.448
Share compensation expense	-	-	-	-	-	123.775	-	123.775
Change in value of available-for-sale financia asset	-	-	-	-	-	(33.459)	-	(33.459)
Recording of derivative asset	-	-	-	-	-	844.626	-	844.626
Net results	-	-	-	-	-	(478.152)	1.611.448	1.133.296
Balance at 31 December 2015 restated	**9.415.000**	**488.120.952**	**492.705.950**	**43.410.350**	**-**	**(13.055.985)**	**2.618.317**	**32.972.682**
Issuance of shares	(1.450.000)	23.000.000	24.450.000	2.146.050	-	2.477.419	-	4.623.469
Exercise of options	(100.000)	500.000	600.000	-	-	85.985	-	85.985
Earn out shares issued	-	47.900.000	47.900.000	4.273.528	-	(4.273.528)	-	-
Issuance of shares for purchase of affilate businesses and subsidiaries	-	245.035.314	245.035.314	21.809.425	-	51.302.340	(42.522)	73.069.245
Share compensation expense	-	-	-	-	-	(66.777)	-	(66.777)
Change in value of available-for-sale financial assets	-	-	-	-	-	125.702	-	125.702
Net results	-	-	-	-	-	-	1.200.825	1.200.825
Balance at 31 December 2016	**7.865.000**	**804.556.266**	**810.691.264**	**71.639.353**	**-**	**36.595.156**	**3.776.620**	**112.011.129**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDING 31 DECEMBER 2016 AND 2015

		COMPANY		PARENT	
	Notes	2016	Restated 2015	2016	Restated 2015
Cash flows from operating activities					
Results before income taxes		2.757.907	(2.126.045)	1.200.825	1.133.296
Taxes		(363.842)	(31.438)	-	-
Amortization of intangible assets	8	2.737.374	781.476	-	-
Depreciation	10	308.872	140.875	-	-
Derivative asset call option fair value	13	(205.714)			
Share based compensation		(66.777)	123.775	-	-
Profit on disposal of fixed assets	10	-	13.865	-	-
Provision for impariment of trade receivables	14	22.655	(81.437)	-	-
Fair value gains on derivative financial asset	13	-	-	-	378.852
Profit on disposal of investment in subsidiary		-	-	-	(1.000.000)
Change in trade and other receivables		(5.283.272)	(1.195.349)	272.632	(784.920)
Change in current assets		152.647	11.459	-	-
Change in non-current assets		260.961	(62.059)	-	-
Change in trade and other payables		3.238.146	1.723.829	(25.431)	29.265
Unrealized gain/(loss) on derivative asset	9	(1.337.674)	(521.154)	(1.337.674)	(521.154)
Net cash (used in)/generated from operating activities		2.221.283	(1.222.203)	110.352	(764.661)
Cash flows from investing activities					
Purchases of intangible assets	8	(1.195.965)	(659.042)	-	-
Purchases of property, plant and equipment	10	(464.260)	(358.816)	-	-
Repayment of loans to related parties	30	-	-	-	500.000
Purchase of investment in available-for-sale asset	11	-	(689.085)	-	(689.085)
Cash acquired from acquisition of subsidiaries		1.454.670	102.914	(39.759)	-
Purchase of affiliates	7	(4.855.196)	-	-	-
Net cash used in investing activities		(5.060.751)	(1.604.029)	(39.759)	(189.085)
Cash flows from financing activities					
Repayment of loans	19	(3.923.810)	(752.944)	-	-
Proceeds from loans	19	6.418.959	4.360.645	-	-
Proceeds from issuance of shares	21	4.557.084	145.047	-	-
Proceeds from issuance of ordinary shares Limited	21		-	-	50.519
Proceeds from related party borrowings		-	-	-	700.000
Net cash generated from financing activities		7.052.233	3.752.748	-	750.519
Translation loss		**(199.850)**	**(150.368)**	**-**	**-**
Fair value movements		**(69.459)**	**33.459**	**(69.459)**	**33.459**
Net movement in cash and cash equilalents		**3.943.456**	**809.607**	**1.134**	**(169.768)**
Fair value movements					
Cash and cash equivalents at beginning of year	**15**	**2.091.721**	**1.282.114**	**507**	**170.275**
Cash and cash equivalents at end of year	15	6.035.177	2.091.721	1.641	507

For restatement see accompanying note 3 to the consolidated financial statements

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDING 31 DECEMBER 2016 AND 2015

CASH FLOWS CONTINUED			COMPANY		PARENT
			Restated		Restated
	Notes	2016	2015	2016	2015
NON CASH FINANCING AND INVESTING ACTIVITIES					
Issuance of shares and treasury shares to purchase affiliates		87.384.062	4.015 891	-	-
Issuance of shares and treasury shares in repayment of trade payables		-	220.571	-	-
Issuance of shares and treasury shares in repayment of debt		-	1.177.395	-	-
Issuance of shares in payment of earn out shares		4.273.528	-	-	-
Issuance of shares and treasury shares as receivable		152.371	-	-	-
ACQUISITION OF GIG, BETIT AND ODDSMODEL FOR SHARES					
Non-cash assets acquired					
Intangibles		21.766.658	6.643.616	-	-
Property and equipment		-	93.587	-	-
Non-current assets		314.908	187.643	-	-
Trade receivables		-	38.413	-	-
Other current assets		3.779.540	97.771	-	-
Inc. non-cash assets acquired		25.861.106	7.061.030	-	-
Goodwill		48.012.473	15.687.635	-	-
Total non-cash assets acquired		73.873.579	22.748.665	-	-
Liabilities assumed					
Trade and other payables		6.850.411	1.660.525	-	-
Short term loans		-	1.493.760	-	-
Total liabilities assumed		6.850.411	3.154.285	-	-
Net non-cash acquired		**67.023.168**	**19.594.380**	**-**	**-**
Shares issued		68.477.645	19.697.294	-	-
Cash acquired		**1. 454.477**	**102.914**	**-**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

1. CORPORATE INFORMATION

Gaming Innovation Group Inc. (formerly Nio 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". Gaming Innovation Group Limited ("Limited") is incorporated and domiciled in Malta, having a registered office at GB Buildings Penthouse, Watar Street, Ta' Xbiex, XBX 1301.

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

Pursuant to a reverse merger transaction consummated effective 17 June 2015, Limited became a wholly-owned subsidiary of GIG. In connection with the reverse merger, Nio Inc. changed its name to Gaming Innovation Group, Inc. The transaction resulted in the shareholders of Limited owning approximately 64% of GIG's post-transaction outstanding shares. Accordingly, although GIG is the legal parent, Limited is treated as the accounting acquiror and parent. According to reverse acquisition accounting Limited valued the Company's net outstanding 148,099,952 shares at their market price on the closing of the merger transaction, NOK 1.16 (EUR 0.133). These are the shares Limited is deemed to have issued to effect the merger. (see Note 7). The sellers received 290,000,000 shares and were entitled to a variable consideration of up to a maximum of 125 million earn-out shares, provided that Limited reached certain revenue targets in 2015 and 2016. Based on Limited's audited financial statement results for 2015, 47,900,000 shares were issued in May 2016. In addition, the Company will issue the balance of earn out shares (77,100,000) in the second quarter of 2017 based on the 2016 results.

In addition to the above described reverse merger, the Company entered into a series of acquisitions in 2015 and 2016 (see Note 7). The consolidated financial statements of the Company as at and for the years ended 31 December 2016 and 2015 are comprised of Limited, and its accounting basis subsidiaries: GIG, Candid Gaming Ltd ("Candid") and Gridmanager Ltd ("Grid") (corporations registered in Malta), GE Online Ltd ("Online") (a corporation registered in Gibraltar) and Les Encheres Bidou Inc. ("Bidou") (a corporation registered in Canada), MT Secure Trade Ltd, ("Secure") Innovation Labs Ltd, ("Labs") iGaming Cloud Ltd., ("iGC") BettingCloud Ltd. (formerly Gaming Exchange Ltd.) ("Exchange"), Zecure Gaming Limited (Zecure) (corporations registered in Malta), Spaseeba AS ("Spaseeba") (a corporation registered in Norway), NV SecureTrade Ltd ("Trade") and iGamingCloud NV ("Cloud") (corporations registered in Curacao), Online Performance Marketing Ltd. (Performance) and Downright Marketing Ltd. ("Downright") (corporations registered in British Virgin Islands), iGamingCloud Services SLU ("SLU") (a corporation registered in Spain), and Oddsmodel AS ("OM") (a corporation registered in Norway). Betit Holdings Ltd. (a corporation registered in Malta) and its subsidiaries ("Betit"), Betit Operations Ltd., Haus of Lenny Ltd. (corporations registered in Malta), Mavrix Activities Ltd., Mavrix 5x5 Ltd., Mavrix Services Ltd. Mavrix Promotions Ltd. Mavrix Holding Ltd. (corporations registered in Gibraltar), Mavrix Technologies SL (a corporation registered in Spain) and Pronzo Entertainment B.V. (a corporation registered in Curacao).

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 all the 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, Limited, 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 2016 and 2015 of Gaming Innovation Group Inc. and subsidiaries, Oddsmodel from May 2016, four months of activities at 100% of IGC from September to December 2016 (previously owned 90%) and four months of activities of Betit from September to December 2016 along with activities for the four GIG subsidiaries noted below for the period 17 June to 31 December 2015 and the full year of 2016 based on the fact that Limited has been determined to be the accounting acquiror and GIG has been determined to be the accounting acquiree.

The operations of GIG, Candid, Grid, Online and Bidou are only consolidated from 17 June 2015, the effective date of the reverse acquisition. These four companies were the only subsidiaries of GIG with continuing operations and are included from the merger date. Online and Bidou were dissolved as of 31 December 2015. All of GIG's other historical transactions through 16 June 2015 have been closed out to accumulated deficit and have been reclassified to share premium (deficit) on the accompanying statement of shareholder's equity.

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 Limited, the accounting parent. The statements were approved by the Board of Directors and issued on 30 April 2017.

Standards, Interpretations and Amendments to Published Standards Effective in 2016

In 2016, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning 1 January 2016 or after. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

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 authorization for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2017. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and management is of the opinion, with the exception below, that there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

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 recognized 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 and earlier application is permitted, subject to endorsement by the EU. The Company is assessing the impact of IFRS 15.

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 consideration. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts; an optional exemption is available for certain short-term leases and leases of low-value assets. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to endorsement by the EU, and subject to the Company also adopting IFRS 15. The Company is assessing the impact of IFRS 16.

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 recognized 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, amortization 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 recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized 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 recognized directly in profit or loss.
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Upon consolidation, inter-company transactions, balances and unrealized gains on transactions between companies are eliminated. Unrealized 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 recognized 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.

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 recognized 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 recognized 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 recognized in other comprehensive income are reclassified to profit or loss.

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 United States dollar, the Euro 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 recognized in profit or loss.

2.3 FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, trade accounts and credit card receivables, 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

Cash and cash equivalents are carried in the statements of financial position at face value. 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 recognized initially at fair value and subsequently measured at amortized 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 recognized 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 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.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Domains and search engine optimization technology

Domains purchased as part of business combinations have been valued in connection with the transactions and are deemed to have indefinite life. These assets are assessed annually for impairment and if an impairment is required the asset's value is reduced by this amount.

Domains and search engine optimization (SEO) technology purchased as part of acquisition of affiliate business are shown at historical cost. The acquired domains and SEO's have been determined to have an eight year useful life, and are amortization using the straight-line method to allocate the cost of domains over their estimated useful lives.

(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. Amortization is calculated using the straight-line method to allocate the cost of domains over their estimated useful lives.

(d) Computer software and technology platforms

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

Costs associated with maintaining these intangible assets are recognized 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 recognized 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 to 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 capitalized as part of these intangible assets include the labor costs of employees.

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

2.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are removed from the accounts, and any gain or loss on the sale or disposal is recognized in the consolidated statement of comprehensive income (loss).

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

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

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.

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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

The Company classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Derivatives are also classified as fair value through profit or loss. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. They otherwise are classified as non-current assets.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as part of loans and receivables. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale assets. They are included in non-current assets unless the asset matures or management intends to dispose of it within twelve months from the end of the reporting period.

2.9.2 RECOGNITION AND MEASUREMENT

The Company recognizes a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in profit or loss.

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method. Amortized cost is the initial measurement amount adjusted for the amortization of any differences between the initial and maturity amounts using the

effective-interest method.
When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the financial asset.

Translation differences on non-monetary securities denominated in a foreign currency are recognized in other comprehensive income. Other changes in the fair value of non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is 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) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Company first assesses whether objective evidence of impairment exists. The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization; and
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

2.9.3 IMPAIRMENT

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment loss.
Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

(a) Assets carried at amortized cost

For financial assets carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in profit or loss.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

(b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If objective evidence of impairment exists 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 recognized in profit or loss - is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss.

2.10 SHARE-BASED COMPENSATION

The share-based compensation program allows management and key personnel to acquire shares in the Company. The plan is an equity-settled, share-based compensation plan, under which the Company receives services from employees as consideration for equity instruments ('shares or options") in the Company. The fair value of the employee services received in exchange for the grant of the instrument is recognized as an expense. The total amount expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions. On the date instruments are granted, their fair value is recognized as an employee expense with a corresponding adjustment in equity, over the period that the employees become unconditionally entitled to the instruments (vesting period). The fair value of the instruments granted is measured using the Black-Scholes model, taking into account the terms and conditions as set forth in the share option program. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. At each reporting date, management revises its estimate of the number of instruments that are expected to vest based on the non-market vesting conditions. Management recognizes the impact of such revision, if any, in the consolidated statement of comprehensive income (loss), with a corresponding adjustment to equity.

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 utilize the same numerator, but outstanding shares in gain periods include the dilutive effect of outstanding warrants and options determined by the treasury stock method. Due to the loss in 2015, outstanding common stock options and warrants were anti-dilutive and accordingly were excluded from this calculation. For the year ended 31 December 2016, the Company had 9,320,000 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 recognizes 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 transactions in which the Company's revenues stem from commissions and winnings that are subject to a fixed percentage, are recorded in accordance with IAS18 - Revenue. Gaming revenues are recognized net after the deduction of the players' winnings, bonuses and jackpot contributions. The revenue recognized in this manner relates to Poker.

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

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

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 recognized 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.

Interest income is recognized when the right to receive payment is established.

2.15 NON CONTROLLING INTEREST

GIG has a 99.9% 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.18 FINANCIAL LIABILITIES

The Company recognizes 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 IAS 39. Financial liabilities not at fair value through profit or loss are recognized 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 amortized cost. The Company derecognizes a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

2.19 BORROWINGS

Borrowings are recognized initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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 period comprises

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

Deferred tax is recognized, 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 realized or the deferred tax liability is settled.

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

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 and California. Returns filed in these jurisdictions for tax years ended on or after 31 December 2014 are subject to examination by the relevant taxing authorities. In addition, Limited and its subsidiaries, Candid and Grid file tax returns in Malta, Online in Gibraltar and Bidou in Canada.

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 recognized 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 recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3. RESTATEMENT OF 2015 CONSOLIDATED FINANCIAL STATEMENTS

The Company has restated its 2015 financial statements for the following errors:

Change in purchase price allocation of Nio Inc:
In conjunction with reverse merger between Nio Inc. and GIG Limited which took place on June 17, 2015 (see Notes 1 and 7), the Company has determined a value for its Betspin platform for 190,000 euros, which has been reclassification from goodwill to Intangible. The Company has estimated the platform to have a life of 5 years and as such has recorded amortization of 19,528 euros for the period June 17, 2015 to 31 December, 2015.

Derivative asset valuation:

The Company determined the option to buy minority shares related to the sale of 10% of IGC Ltd and the value of the options given to the minority owner to sell its 10% stake had a net fair value of EUR 844,626. As such the Company recorded an asset on its books on the date of the sale. The asset had a fair value of EUR 1,365,780 on December 31, 2015. The change in fair value of EUR 521,154 has been recorded as unrealized gain in the consolidated statement of comprehensive income for the year ended 31 December 2015.

Affiliate business acquisition valuations:

In conjunction with the acquisition of affiliate's intangibles of Spaseeba, Joonas and Adarma in fiscal 2015, the Company has reclassified EUR 861,574, EUR 142,802 and 549,000 respectively from domain to affiliate contracts. The Company has estimated the affiliate contracts to have a life of 3 years and as such has recorded amortization of EUR 292,059 for the year ended 31 December, 2015.

In addition, the remaining acquisition values of EUR 2,728,317, EUR 416,328 and EUR 451,000 from the acquisitions of Spaseeba, Joonas and Adarma have been allocated to domains with a useful life of eight years as opposed to the Company's previous determination of indefinite life. .Amortization expense of EUR 277,551 has been recorded for the year ended 31 December 2015.

Reclassification:

In June 2016, the Company reclassified EUR 6,349,570 out of the 22,227,205 initially recorded as goodwill from the reverse merger between Nio and Limited. The Company has reflected this reclassification on its 31 December 2015 balance sheet.

The errors and reclassification did not have any impact on the Company's statement of financial position at January 1, 2015 and accordingly, the presentation of a third statement of financial position as at that date, which would be otherwise have been required under IAS 1, is not considered to be relevant for the Company.

THE FOLLOWING TABLE SUMMARIZES THE EFFECT OF THE RESTATEMENTS ON THE 2015 FINANCIAL STATEMENTS:

	COMPANY			PARENT		
	Previously Reported	Restatement	Restated	Previously Reported	Restatement	Restated
ASSETS						
Non-current assets:						
Goodwill	22,230,484	(6,539,570)	15,690,914	-	-	-
Intangible assets	5,906,768	5,590,431	11,857,199	-		-
Current assets:						
Derivative assets		1,365,780	1,365,780	-	1,365,780	1,365,780
Shareholders' equity:						
Share premium	(13,900,611)	844,626	(13,055,985)	(13,900,611)	844,626	(13,055,985)
Retained earnings (deficit)	(2,197,815)	(67,986)	(2,265,801)	2,097,163	521,154	2,618,317
Depreciation & amortization	333,211	589,140	922,351	-	-	-
Unrealized gain on derivative asset	-	(521,154)	(521,154)	-	(521,154)	(521,154)
Net results	**(2,089,497)**	**(67,986)**	**(2,157,483)**	**612,142**	**521,154**	**1,133,296**
Total comprehensive income (loss)	(2,239,865)	(67,986)	(2,307,851)	578,683	521,154	1,099,837
Total comprehensive income (loss) attributable to:						
Owners of the parent	2,136,071	(67,986)	2,204,057			
Non-Controlling interests	(103,794)	-	(103,794)			
Earnings per share attributable to Gaming Innovation Group Inc.						
Basic earnings (loss) per share	0.01		0.01			
Diluted earnings (loss) per share	0.01		0.01			

For restatement see accompanying note 3 to the consolidated financial statements

RECLASSIFICATION OF COMPARATIVE INFORMATION

In addition to the correction of the above error, comparative figures disclosed in the intangible assets reconciliation in these financial statements have been reclassified. This was done following a re-evaluation of the underlying assets acquired. A portion of the domains were reclassified into affiliate contracts, while a portion of computer software was reclassified into technology platform.

The Company's 2015 Annual Report and interim 2015 and 2016 quarterly reports were reviewed by the Financial Supervisory Authority of Norway. The review required various adjustments and additional disclosures to be made by the Company to its Annual Report and interim quarterly reports.

As of the date of the Annual Report for 2016, all issues raised by the Financial Supervisory Authority of Norway were resolved although a formal letter has not yet been received by the Company in this regard. The required adjustments are reflected in the accompanying Annual Report as re-statements of the 2015 amounts previously reported (see above paragraphs).

	Previously reported 31 dec 2015	Reclassified	Amortization	Restated 31 dec 2015
Domains	5,418,556	4,796,194	(269,680)	9,945,070
Software	488,212	(296,459)	150,146	341,899
Goodwill	22.230.484	(6.539.570)	-	15.690.914
Affiliate contract	-	1,553,376	(299,931)	1,253,445
Technology platform		486,459	(169,674)	316,785

4. 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 and affiliate marketing. In 2015, the Company reported that it operated a single segment. 2015 segment information is presented below to provide B2C and B2B information for 2015. Asset and liability information is not presented by segments as such information is not used for monitoring purposes by the Company.

2016	B2C	B2B	Eliminations	TOTAL
Revenue	42,396,809	15,613,359	-4,405,173	53,604,995
Cost of sales	12,146,212	292,684	-3,154,089	9,284,807
Marketing expenses	19,795,201	549,416	-1,251,084	19,093,533
Operating income (loss)	2,073,640	4,843,247		2,769,607

2015 restated	B2C	B2B	Eliminations	TOTAL
Revenue	14,432,681	4,855,796	-1,539,440	17,749,037
Cost of sales	5,166,134	0-	-1,123,946	4,042,188
Marketing expenses	7,821,329	264,269	-415,494	7,670,104
Operating income (loss)	-4,476,904	1,492,440	0-	2,984,464

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

2016	B2C	B2B	TOTAL
Nordic countries	23,114,597	-	23,114,597
Europe excluding Nordic countries	6,268,365	13,192,146	19,460,511
Rest of world	9,794,321	1,235,566	11,029,887
Total	39,177,283	14,427,712	53,604,995

2015	B2C	B2B	TOTAL
Nordic countries	7,835,665	-	7,835,665
Europe excluding Nordic countries	2,124,926	4,253,708	6,378,634
Rest of world	3,320,197	214,541	3,534,738
Total	13,280,788	4,468,249	17,749,037

The following table presents the Company's revenues by product line:

	2016	2015
Casino	41,528,979	13,789,206
Sports	707,540	903,742
Poker	160,518	-
Performance marketing	6,846,812	2,360,047
Platform services	3,555,658	696,042
Other	805,488	-
Total	53,604,995	17,749,037

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

	2016	2015
Europe	385	98
North America	2	2
Total	387	100

Similarly, the Company has assets at 31 December 2016 and 2015 by continent (EUR):

	2016	2015
Europe	103,781,296	10,132,760
North America	22,527,157	25,933,508
Total	126,308,453	36,066,268

5. FINANCIAL RISK MANAGMENT

5.1 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 AUD, SEK, GBP, CAD, NOK and the USD. Foreign exchange risk arises from future commercial transactions and recognized 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 reporting period is not deemed necessary.

(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 2016 and 2015 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 available-for-sale financial asset, management considers this risk to be immaterial.

The maximum exposure to credit risk at the reporting period with respect to the financial assets mentioned above is equivalent to the gross carrying amount.

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.

(c) Credit risk

Credit risk arises from cash and cash equivalents and trade and other receivables.

The Company seeks to manage credit risk by only undertaking transactions with reputable counterparties. Control structures are in place to assess credit risk on similar lines.

Other than trade receivables for which provisions for impairment of EUR 59,231 (2015: EUR 36,576) have been recorded, the Company did not hold any past due impaired financial assets as at 31 December 2016 and 2015. The Company manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from partners are within controlled parameters. The Company's receivables, which are not impaired financial assets, are principally debts with respect to transactions with partners for whom there is no recent history of default. Management does not expect any losses from non-performance by these partners.

The Company did not hold any past due or impaired assets as at 31 December 2016 and 2015.

(c) 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 and loans (refer to Notes 18 and 19). 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 means of continuous weekly observation of cash inflows and cash outflows. To improve the net cash inflows and to maintain cash balances at a certain level, management ensures that no additional financing facilities are expected to be required over the coming year.

5.2 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 stakeholders 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.

5.3 FAIR VALUES OF FINANCIAL INSTRUMENTS

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).

COMPANY	LEVEL 3
31 December 2016	
Assets	
Financial assets at fair value through profit or loss: (recorded in Other non-current assets)	
Derivative instruments purchased call option	205,714
Available-for-sale financial investments:	
Equity securities - unlisted	586,166
Total assets	791,880
31 December 2015	
Assets	
Available-for-sale financial investments:	
Equity securities - unlisted	655,626
Derivative asset IGC options	1,365,780
Parent	
31 December 2016	
Assets	
Available-for-sale financial investments:	
Equity securities - unlisted	586,166
31 December 2015	
Assets	
Available-for-sale assets:	
Equity securities - unlisted	655,626
Derivative asset IGC options	1,365,780

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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 maximize 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 13 of these financial statements, which also includes a reconciliation from opening to closing value of the instrument. Level 3 valuations are reviewed regularly by management.

There were no transfers between levels of the fair value hierarchy during 2016 and 2015.

As at 31 December 2016 and 2015 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 realization.

6. 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, 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, together with an option to purchase up to 15% of the ordinary share capital in the same equity investment. In the opinion of the director, the fair value of the available-for-sale financial asset is not significantly different from its acquisition price. Additionally, in management's opinion the fair value of the option to acquire the additional shares in the available-for-sale financial asset is not determinable and would be immaterial to these financial statements.

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. The calculations are based on cash flow projections reflecting the financial budget approved by the Company's Board for 2017, the projection of free cash flows to be generated in 2018 and 2019 capitalized 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.

The assumptions used in the value-in-use calculations may vary and are inherently uncertain particularly for a fast growing Company which is in its early years of development. The directors consider that the impairment assessment for the business-to-business segment is less sensitive due to the level of headroom between the reported intangible assets of this CGU and the respective value-in-use.

A sensitivity analysis showing the impact of possible changes in key assumptions for the business-to-customer CGU is disclosed below.

Business-to-Customer CGU

If budgeted EBITDA applied in the value-in-use calculation for the business-to-customer CGU had been 15% lower than managements estimate, the Company would not need to recognize an impairment and the segment value would reduce to circa EUR 82m.

If the discount rate applied to the cash flow projections of this CGU had been 1% higher than the Company's estimates, the enterprise value of the intangible assets attributed to this CGU of circa EUR 88m would still exceed the carrying amount of the CGUs reported intangible assets.

The Company has invested a considerable amount in the acquisition of a number of subsidiaries throughout the current and prior year. The Company's assets arising from the acquisitions are presented within intangible assets and the remaining balance of goodwill in the statement of financial position and have a carrying amount of EUR 63,954,856 (2015: EUR 22,040,484) (see Note 8) at year end. Goodwill is tested for impairment in accordance with IAS 36 on an annual basis. The Company has assessed the revenue generating capabilities of each asset acquired and has determined that all assets are generating sufficient cash flows.

Accordingly, management determined that no impairment was necessary during the year. Information on assumptions and other inputs used in the impairment test are disclosed in Note 2.6.

(ii) Valuation of share options

As explained in Note 21 the Company operates equity-settled share-based compensation plans under which the Company receives services from employees as consideration for equity instruments of Inc. 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 21 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.

7. ACQUISITIONS

In February 2015, the Company signed an agreement to acquire the entire issued share capital of Limited for 290 million shares. The agreement encompassed the acquisition of Candid for 27,000,000 shares. In addition, the sellers were entitled to a variable consideration of up to a maximum of 125 million earn-out shares, provided that Limited reached certain revenue targets in 2015 and 2016. Based on Limited's audited financial statements for 2015, 47,900,000 shares were issued in May 2016. In addition, the Company will issue 77,100,000 earn out shares the second quarter of 2017 based on the 2016 results.

Under IFRS 3, goodwill is the excess of consideration paid in a business combination over the fair value of the net tangible and intangible assets acquired. Pursuant to reverse acquisition accounting, Limited has valued the Company's net outstanding 148,099,952 shares at their market price on the closing of the merger transaction, NOK 1.16 (EUR 0.133). These are the shares Limited is deemed to have issued to effect the merger. The aggregate fair value of these shares was EUR 19,697,294 and the fair value of the Company's assets net of its liabilities have been determined to be equivalent to their carrying values EUR -2,529,911, resulting in goodwill of EUR 22,227,205.

This goodwill has been allocated by management to identifiable intangibles (platforms and domains) totalling EUR 6,349,570 with the balance of EUR 15,687,635 as goodwill. The above allocation process was completed during the second quarter 2016 and the Company reflected this reclassification on its 31 December 2015 balance sheet.

CONSIDERATION	
Common stock issued	290,000,000
Consideration Price	19,697,294
Asset Valuation	
Cash and cash equivalents	102,914
Current Assets	521,460
Intangibles	190,000
Liabilities	(3,154,285)
Domains	6,349,570
Asset Valuation	4,009,659
Goodwill	**15,687,635**

As of 31 December 2016, management does not believe any impairment of goodwill has occurred. See Note 8 for key assumptions used in testing for impairment.

In May, 2015 Limited completed the acquisition of Spaseeba AS. The shares issued as consideration have been valued at their market price on the closing of the transaction and the aggregate fair market value of these shares was EUR 3,589,891 resulting in domains of EUR 2,728,317 and affiliate contracts of EUR 861,574.

In the third quarter of 2015, the Company acquired the assets of two affiliate networks (Joonas & Adarma) including a large amount of websites with guides and quality content for the gaming industry and existing portfolios of affiliate contracts with partnering operators. The combined purchase price of EUR 1,559,130 is booked as domains of EUR 867,328 and affiliate contracts of EUR 691,802.

In April 2016, the Company completed the acquisition of affiliate network assets from Delta Markets N.V. for a total consideration of EUR 4,200,000. An amount of EUR 2,940,000 was settled in cash with the remaining consideration settled through the issuance of 4,336,314 new shares.

The market value of the new shares in GIG as at the date of the purchase agreement was EUR 1,260,000. The acquired affiliate contracts amounted to EUR 608,729 and the ongoing amortization will impact the Company's net income for a period of three years. The purchase price of the acquisition was allocated to domains amortized over eight years in the amount of EUR 3,385,557 for one particular website and 50% acquisition of five other websites with an option to acquire the remaining 50% of those five websites which is classified as a derivative asset of EUR 205,714.

In May 2016, the Company completed the acquisition of affiliate network assets from Magenti Media for a total consideration of SEK 47,500,000. An amount of SEK 13,500,000 (EUR 1,456,232) was settled in cash with the remaining consideration settled through the issuance of 8,960,000 new shares and an option valued at EUR 91,559 provided to the previous owner to buy back shares of GIG. The market value of the new shares as at the date of the purchase agreement was EUR 3,619,205. The acquired affiliate contracts amounted to EUR 713,741, a consultancy agreement amounted to EUR 213,703 and the balance of the acquisition was allocated to domains in the amount of EUR 4,239,352.

Oddsmodel AS
Also, in May 2016, the Company completed the acquisition of OddsModel AS, a sports betting technology company which has for several years developed software used for automated and manual pricing of global betting markets. The company produces data utilized to generate real-time pricing of Pre-Match and In-Play sports events through the use of quantitative methods and proprietary analytical models. The acquisition created commercial, operational and technological synergies. 21,739,000 new shares of the Company's common stock were issued as payment for the purchase. The market value of the new shares in GIG as at the date of the purchase agreement was EUR 8,585,700. The acquired technology platform amounted to EUR 2,113,750 and the ongoing amortization will impact the Company's net income for a period of five years and the balance of EUR 6,447,762 was allocated to goodwill. The table below summarizes the price paid and the fair value of the acquired assets and assumed liabilities:

CONSIDERATION ODDSMODEL	
Common stock issued	21,739,000
Consideration Price	**8,585,700**
Asset Valuation	
Cash and cash equivalents	50,807
Current Assets	4,857
Liabilities	(31,476)
Sports technology platform	2,113,750
Asset Valuation	**2,471,304**
Goodwill	**6,447,762**

Consolidated Proforma Revenue and Profit for the year 2016

If the acquisition of Betit and Oddsmodel occurred 1 January 2016 the consolidated proforma revenue and profit would have been:

	GIG excl. OddsModel and Betit	Oddsmodel	Betit	GIG
Revenue	43.449.072	82 128	30 659 837	74 191 036
Net profit	4 793 871	(857 777)	(1 380 917)	2 555 177

Betit Holdings Ltd and Minority interest in IGaming Cloud Ltd.
In September 2016, the Company completed the acquisition of 100 percent of the shares of a gaming company Betit Holdings Ltd. ("Betit") along with the reacquisition of 10% minority interest in IGC. Betit was founded in 2013 and owns the three iGaming brands Kaboo.com,

SuperLenny.com and Thrills.com, mainly targeting the Nordic and UK markets. This acquisition increases GIG's presence in its current markets. Combined, Betit and GIG operates six brands, and the acquisition creates commercial, operational and technological synergies, as well as cost savings. 153,500,000 new shares of the Company's common stock were issued as payment for the purchase of Betit and 56,500,000 for the purchase of IGC, valued at EUR 54,376,945 and EUR 20,014,967 respectively. The acquired affiliate contracts amount to EUR 1,488,518 and the ongoing amortization will impact the group's net income for a period of five years. The Ransom platform is valued at EUR 282,300 and will be amortized over 5 years. Domains valued at EUR 17,623,590 are deemed to have indefinite useful life. The non-compete agreement amounts to EUR 258,500 and is amortized until June 2018. Goodwill of EUR 41,564,711 is attributable to the acquired trademarks and synergies referring to the development of the Ransom platform. The reacquisition in the 10% minority interest in IGC for EUR 20,014,967 was allocated to the acquisition of Betit for EUR 5,515,000 with a balance of EUR 14,499,967 recorded as a decrease in equity attributable to owners of the parent.

CONSIDERATION FOR BETIT	
Common stock issued	153500000
Consideration Price	54.376.945
Total purchase consideration	**59.891.945**
Asset Valuation	
Cash and cash equivalents	1.403.670
Current assets	3.774.683
Non-current assets	314.908
Liabilities	(6.818.935)
Non-compete agreement	258.500
Ransom Plaform	282.300
Domains	17.623.590
Affiliate contracts	1.488.518
Asset Valuation	18.327.234
Goodwill	**41.564.711**

8. GOODWILL AND INTANGIBLES

A reconciliation of goodwill and intangibles for the years ended 31 December 2016 and 2015 is as follows:

	Goodwill	Domains	Platform	Affiliate Contracts	Computer Software	Non-compete agreement	Other	Total
Balance 1 January 2015	**-**		**-**		**353,922**			**525,126**
Internally developed platforms	-	-	296,459	-	-			296,459
Additions	3,279	106,202		-	22,296			131,777
Acquisitions through business combinations								
Betspin	15,687,635	6,349,570	190,000	-				22,227,205
Spaseeba		2,728,317	-	861,574				3,589,891
Joonas		416,328	-	142,802				559,130
Adarma		451,000	-	549,000				1,000,000
AmortisationAmortization Charge	-	(277,551)	(169,674)	(299,931)	(34,319)			(781,475)
Balance 31 December 2015 (see Note 3)	**15,690,914**	**9,945,070**	**316,785**	**1,253,445**	**341,899**	**-**	**-**	**27,548,113**
Internally developed platforms	-	-	825,108	-	-	-	-	825,108
Additions	-	60,288	-	-	295,673	-	-	355,961
Acquisitions through business combinations								
Delta	-	3,385,557	-	608,729	-	-	-	3,994,286
Magenti	-	4,239,352	-	713,741	-	-	213,703 -	5,166,796
Betit	41,564,711	17,623,590	282,300	1,488,518	-	258,500	-	61,217,619
OddsModel AS	6,447,762	-	2,113,750	-	-	-	-	8,561,512
Magenti Consultant	-	-	-	-	-	-	213,703	213,703
Exchange Differences	251,469	(107,028)	82,305	-	-	-	-	226,746
AmortisationAmortization Charge	-	(1,122,620)	(400,621)	(929,807)	(165,358)	(47,000)	(71,429)	(2,736,836)
Balance 31 December 2016	**63,954,856**	**34,024,209**	**3,219,627**	**3,134,626**	**472,214**	**211,500**	**142,274**	**105,159,305**

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 and OddsModel AS during 2015 and 2016 (Note 7). Additionally, the Company has a number of intangible assets (domains) with indefinite lives, acquired through the acquisition of Limited and Betit and through other separate purchases during 2016 and 2015.

During 2016, given the number of acquisitions undertaken and the diversification of the Company's operations into a number of sectors, management identified – for the purposes of the impairment testing of goodwill and intangibles with an indefinites useful life – three CGUs: business-to-customer ("B2C"), business-to-business ("B2B"), and marketing/affiliates. These reflect how the Company manages the day-to-day operations of the business and how decisions about the Company's assets and operations are made. Notwithstanding the fact that the Company has identified three CGUs, no impairment assessment was carried for the Marketing CGU since the related intangibles have a defined useful life, and no impairment triggers were identified. Accordingly, goodwill and intangibles with an indefinite life have been allocated for impairment testing purposes to the B2C and B2B CGUs.

At 31 December 2015, the Company had not identified three separate CGUs, since the Company's main operations were B2C, with the B2B and affiliate line of business being relatively insignificant. Accordingly, the disclosures required by IAS 36 have been separately presented for 2016 and 2015.

Impairment test for goodwill and indefinite-lived intangible assets for the year ended 31 December 2016

The calculations are based on cash flow projections reflecting the financial budget approved by the Company's Board for 2017, the projection of free cash flows to be generated in 2018 and 2019, as well as an estimate of residual value. The residual value is based on the projected free cash flows to be generated in 2019 capitalized 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:

Company	Cash-generating unit	
	B2C	B2B
Carrying amounts		
Goodwill	57,507,094	6,447,762
Intangible assets with indefinite lives	23,973,160	-

The key assumptions on which management has based its impairment test are based on the cash flow projections reflecting actual income from operations in 2016, the budget for 2017 as confirmed by the entity's Board and an estimate for years 2018 – 2019 include:

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

The pre-tax discount rate applied to the cash flow projections was 15% for each CGU.

Company management's method for determining the values inherent to each significant assumption is based on experience and expectations regarding the performance of the market. For each CGU, it was determined that the recoverable amount is greater than the carrying amount and consequently, no impairment charge was required for

2016. Impairment test for indefinite-lived intangible assets for the year ended 31 December 2015

The recoverable amount of the acquired domains was assessed on the basis of value-in-use calculations. A detailed assessment was performed at the end of the reporting period. The Company's conclusion is that the recoverable amount is well in excess of the carrying amount. The recoverable amount was based on the cash flow projections reflecting actual income from operations in 2015, the budget for 2016 as confirmed by the entity's Board, and an estimate for years 2017 – 2019 in which an average annual rate of growth of 5% was assumed.

9. DERIVATIVE ASSETS

In June 2015 Limited sold 10% interest in its subsidiary IGC for EUR 1,000,000. The agreement called for an option to Limited to buy back the interest in return for cash or shares of GIG and an option for the buyer to sell the shares back to Limited in return for shares of GIG based on certain formulas using 2017 revenues of GIG. On August 30 2016, Limited acquired the 10% interest in IGC in return for the issuance of 56,500,000 shares of GIG. This re-acquisition cancelled both buyer and seller option agreements available.

The Company has valued the derivative options at a net value of EUR 844,626 which was recorded through equity in June 2015, subsequently the Company recorded a mark to market adjustment based on the valuation of the derivative at each quarter end. Such mark to market adjustments have been recorded as other income/loss until the consummation of the above transaction on August 30, 2016. As at 31 December 2015 a derivative asset of EUR 1,365,780 was recorded under current assets. Realized and unrealized gains on derivative asset of EUR 1,337,674 and EUR 521,154 were recorded for the years ending 31 December 2016 and 2015, respectively. (Note 3).

10. PROPERTY, PLANT AND EQUIPMENT

COMPANY	Installations and improvements to premises	Furniture & fittings	Computer and office equipment	Total
At 1 January 2015				
Cost	32 433	171 277	90 454	294 164
Accumulated depreciation	(5 405)	(33 275)	(42 823)	(81 503)
Net book amount	**27 028**	**138 002**	**47 631**	**212 661**
Year ended 31 December 2015				
Opening net book amount	27 028	138 002	47 631	212 661
Additions	92 428	83 428	276 547	452 403
Disposals	(19 670)	-	-	(19 670)
Depreciation charge	(38 145)	(11 440)	(91 222)	(140 807)
Depreciation released on disposal	5 738	-	-	5 738
Closing net book amount	**67 379**	**209 990**	**232 956**	**510 325**
At 31 December 2015				
Cost	105 191	254 705	367 001	726 897
Accumulated depreciation	(37 812)	(44 715)	(134 045)	(216 572)
Net book amount	**67 379**	**209 990**	**232 956**	**510 325**
Year ended 31 December 2016				
Opening net book amount	67 379	209 990	232 956	510 325
Additions	132 586	64 150	118 172	314 908
Disposals	63 720	120 252	280 288	464 260
Depreciation charge	(37 579)	(65 460)	(205 833)	(308 872)
Depreciation released on disposal	226 106	328 932	425 583	980 621
Closing net book amount				
At 31 December 2016	301 497	439 107	765 461	1 506 065
Cost	-	-	(21 332)	(21 332)
Accumulated depreciation	(75 391)	(110 175)	(339 878)	(525 444)
Net book amount	**226 106**	**328 932**	**404 251**	**959 289**

11. INVESTMENT IN SUBSIDIARIES

	Parent	
YEAR ENDED 31 DECEMBER	2016	2015
Opening net book amount	28.186.185	1.856.020
Additions	83.017.612	26.653.605
Return of capital	-	(323.440)
Closing net book amount	**111.203.797**	**28.186.185**

	Parent	
AT 31 DECEMBER	2016	2015
Cost	111.203.797	28.186.185
Provision for impairment losses	-	-
Net net book amount	**111.203.797**	**28.186.185**

During 2015, the Parent entered into a merger agreement with GIG resulting in an investment in subsidiaries of EUR 22,227,205 (see Note 7).

Also during 2015, the Parent acquired 100% of the ordinary share capital of Spaseeba in exchange for shares in GIG. The investment was recognized at a value of EUR 3,589,891 which represents the market value of the shares of GIG at the date of acquisition.

Further in 2015, additions also comprise EUR 675,012 which represents the fair value of share options contributed to personnel in subsidiaries. In view of the modification to the share-based payment plan described in Note 21, the amount of EUR 323,440, which was previously treated as part of the cost of investment in subsidiaries, was reversed. This amount is included in return of capital in the reconciliation above.

During 2016, the Company made a number of significant acquisitions. These included the acquisition of 100% of the ordinary share capital of Betit Holdings Limited ('Betit'), the holding company of a group operating in the remote gaming industry. At the date of acquisition, Betit was the sole shareholder of the following principal subsidiaries: Betit Operations Limited, Pronzo Entertainment B.V., Mavrix Technologies SL, Haus of Lenny Limited and Mavrix Activities Limited. Collectively, these are referred to as the 'Betit Group' in these financial statements. Linked to the acquisition of Betit, the Company also re-acquired 10% of the shares in iGamingcloud.

Also during 2016, the Company acquired 100% of the shares in OddsModel AS, a sports betting technology company.

In addition to the above acquisitions, the Company acquired 20% of the shares in Bettingcloud Limited for a consideration of EUR 239, and subscribed fully to an increase in share capital of this company for an amount of EUR 39,759.

See Note 7 for details of the above listed acquisitions.

The subsidiaries at 31 December 2016 and 2015, whose results and financial position affected the figures of the Company, are shown below:

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)

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		Percentage of ownership and voting rights held by non-controlling interests	
			% 2016	% 2015	% 2016	% 2015	% 2016	% 2015
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	90	100	90	-	-
Bettingcloud Limited	Malta	Ordinary shares	100	80	100	80	-	20
Zecure Gaming Limited	Malta	Ordinary shares	100	100	100	100	-	-
Spaseeba AS	Norway	Ordinary shares	100	100	100	100	-	-
Online Performance Marketing Limited	British Virgin Islands	Ordinary shares	100	100	100	100	-	-
Igaming Cloud SLU	Spain	Ordinary shares	-	-	100	100	-	-
OddsModel AS	Norway	Ordinary shares	100	-	100	-	-	-
Betit Holdings Limited	Malta	Ordinary shares	100	'-	100	-	-	-
Betit Operations Limited	Malta	Ordinary shares	-	-	100	-	-	-
Pronzo Entertainment B.V	Curacao	Ordinary shares	-	-	100	-	-	-
Mavrix Technologies SL	Spain	Ordinary shares	-	-	100	-	-	-
Haus of Lenny Limited	Malta	Ordinary shares	-	-	100	-	-	-
Mavrix Activities Limted	Gilbraltar	Ordinary shares	-	-	100	-	-	-
Mavrix 5 X 5 Limited	Gilbraltar	Ordinary shares	-	-	100	-	-	-
Mavrix Services Limited	Gilbraltar	Ordinary shares	-	-	100	-	-	-
Mavrix Promotions Limited	Gilbraltar	Ordinary shares	-	-	100	-	-	-
Mavrix Holding Limited	Gilbraltar	Ordinary shares	-	-	100	-	-	-
Gaming Innovation Group Inc	USA	Ordinary shares	-	-	100	100	-	-

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Company and Parent	
	2016	2015
At 1 January	**655.626**	**-**
Additions	-	689.085
Fair value movements	(69.459)	(33.459
At 31 December	**586.167**	**655.626**

During 2015, the Company purchased redeemable preference shares in an unlisted equity security for EUR 689,085. These preference shares, which represent an ownership interest of 10%, are redeemable at the option of Company. In view of management's intention not to redeem the shares, the investment represents, in substance, an equity investment and has been classified as an available-for-sale financial asset. The fair value movements above represents a change in EUR/GBP exchange and is not a reduction in the value.

In addition to the preference shares, the Company was also given the option to acquire a further interest in the same company, up to another 15% ownership in ordinary shares. The ordinary shares may be acquired during an exercise period starting on 28 November 2016 and ending on 27 May 2017, for an amount which is contingent on the revenue of the available-for-sale entity during the 12 months preceding the service of the exercise notice.

In management's opinion, the fair value of this available-for-sale financial asset is not significantly different from its acquisition price. The fair value of the option to acquire an additional 15% shares is not recognized in these financial statements because management has determined that the fair value is not determinable and would in any case be immaterial to the financial statements as a whole.

13. DERIVATIVE FINANCIAL ASSET (RECORDED IN OTHER NON-CURRENT ASSETS)

	Company	
CALL OPTION TO AQUIRE INTANGIBLE ASSETS NON-CURRENT	**2016**	**2015**
At 1 January	**-**	**-**
Fair value at inital recognition	205.714	-
Fair value movements	-	-
At 31 December	**205.714**	**-**

	Company and Parent	
CALL OPTION EMBEDDED IN LOAN RECEIVABLE CURRENT	**2016**	**2015**
At 1 January	**-**	**520.556**
Fair value at inital recognition	-	(378.852)
Fair value movements	-	(141.704)
At 31 December	**-**	**-**

Company
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 price mechanism established in the purchase contract, compared with the price that the Company would have paid if an industry multiple was applied to the price mechanism.

Based on past acquisitions of similar domains, the Company 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.

The Company estimates that as at 31 December 2016, using the same inputs above, the fair value of the derivative remains substantially unchanged and accordingly no fair value movements were recognized 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. The Company 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.

Parent
- Embedded call option exercised in 2015
As explained in Note 3, the Parent acquired a call option embedded in a convertible loan that the Company granted to Candid. The call option, which was valued at EUR 520,556 as at 31 December 2014, was exercised during 2015. The Company recognized a loss of EUR 378,852 in 2015.

14. TRADE AND OTHER RECEIVABLES

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

	Company		Parent	
	2016	2015	2016	2015
Trade receivables - gross	1 363 287	848 591	-	-
Less provision for impairment of trade receivables	(59 231)	(36 576)	-	-
Net	1 304 056	812 015	-	-
Amounts due from pmt providers	7 283 177	1 020 219	-	-
Amounts due from related parties	-		2 597 042	2 800 164
Other receivables	1 596 177	416 584	-	-
Accrued income	118 086	68 515	-	-
Prepayments	2 230 697	1 137 000	-	-
Indirect tax	-	19 905	-	50
Balance sheet	12 532 193	3 474 238	2 597 042	2 800 214

15. 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	
	2016	2015	2016	2015
Cash and cash equivalents	6.035.177	2.091.721	1.641	507
Restricted cash	4.615.413	(1.009.260)	-	-
Cash, net of restricted cash	1.419.764	1.082.461	1.641	507

Included in the Company's cash in bank are amounts of EUR 4,615,413 (2014: EUR 1,009,260) that are held in a fiduciary capacity and represent customer monies, whose use is restricted in terms of the Remote Gaming Regulations, 2004.

16. PREPAID AND OTHER CURRENT ASSETS

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

17. 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.

18. TRADE AND OTHER PAYABLES

	Company		Parent	
	2016	2015	2016	2015
Trade payables	3 223 619	1 530 883	-	-
Players' accounts	2 178 313	549 260	-	-
Amounts due to related parties	-	-	2 335 709	-
Other payables	2 615 822	77 048	27 694	21 538
Accruals and deferred income	6 873 012	2 026 427	14 114	14 092
Indirect taxation	174 915	463 412	-	-
	15 065 681	**4 647 030**	**2 377 517**	**35 630**

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

19. SHORT TERM AND LONG TERM LOANS PAYABLE

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

In May 2015, Limited entered into a loan agreement for EUR 700,000 with a lender with an interest rate of 10% per annum and maturity in December, 2015. The loan was repaid in December 2015.

In June 2015, the Company entered into loan agreements for NOK 7,000,000 with an interest rate of 10% per annum and maturing on 30 September, 2015. Thereafter, the loan was increased by a total of NOK 13,050,000, and the maturity was extended until 1 June 2016. The loan was repaid in January 2016.

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.
In March and May 2016, the Company entered into loan agreements with certain shareholders for NOK 17,500,000 and EUR 300,000 with an interest rate of 10% per annum. The loans had maturity ranging from 31 May 2016 through 31 December 2016. In December 2016, this loan was refinanced and increased by NOK 13,000,000 for a total of NOK 31,500,000 as of 31 December 2016, and maturities of 30 June 2017.
In July 2016, the revolving loan facility of NOK 9,700,000 entered into by the Company in December 2015 was increased to NOK 19,200,000. All terms and conditions in the revolving loan facility remained the same. This loan was repaid in April 2017
Short-term loans outstanding balances at 31 December 2016 and 2015 were EUR 3,406,994 and 2,031,391, respectively with accrued interest of EUR 15,386 and EUR 114,261, respectively. In April 2017 all short term loans were repaid (Note 32). Long term loans outstanding balances at 31 December 2016 and 2015 were EUR 2,660,921 and EUR 1,541,375, respectively with accrued interest of EUR 0 and EUR 6,987, respectively.
In April 2017 all long term loans were repaid (Note 32). The weakening of the NOK towards the EUR during the year has resulted in a foreign exchange gain of approximately EUR 469,000.

20. 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	
	2016	**2015**
Deferred tax asset to be recovered in more than 12 months	(696.037)	(12.919)
Deferred tax asset to be recovered in more than 12 months	157.021	1.961
	(539.016)	**(10.958)**

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

	Company	
	2016	**2015**
As at 1 January	(10.958)	(10.958)
Movement during the year: Income statement (Note 26) (recorded in Trade payables and accrued expenses)	(528.058)	-
At 31 December	**(539.016)**	**(10.958)**

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	
	2016	2015
Net operating loss carryforwards from US operations (2015 restated)	18 672 000	18 152 400
Temporary differences arising due to differences between the tax base and carrying amounts of tangible assets	(2 567)	(4 790)
Temporary differences arising on differences between the tax base and carrying base of intangible assets	162 550	-
Temporary differences arising on future tax credit on subsidiaries' undistributed profits	(696 037)	-
Temporary differences arising foreign exchange differences	-	6 912
Temporary differences arising unabsorbed capital allowances	-	(13 080)
Net valuation allowance on US net operating losses (2015 restated)	(18 672 000)	(18 152 400)
Temporary differences arising on provision for impairment of receivable	(2 962)	-
Net deferred income tax asset	(539 016)	(10 958)

The Company did not recognize deferred income tax assets of EUR 5,747,418 (2015: EUR 836,019) with respect to tax losses, unabsorbed capital allowances and net of taxable temporary differences arising on intangibles and other assets of EUR 306,532 (2015: EUR 204,778). These give rise to a net deferred tax asset of EUR 272,044 (2015: EUR 31,872).

As at 31 December 2016, the Company had approximately EUR 46,681,000 of net operating loss carry-forwards from its previous operations as well as 2016, which expire at various dates beginning in tax year 2018 through 2036. 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, 2016, 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 realizability 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 realized. The realization 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 realize the benefit of its deferred tax assets and as such has recorded an allowance against 100% of its deferred balance.

21. EQUITY

Oslo Bors Registration

The Company's shares are traded on the Oslo Stock Exchange ("Oslo Bors") with the "GIG" ticker symbol.

Authorized Shares

Pursuant to a special shareholders' meeting on 31 August 2016, the Company's number of authorized shares increased from 750,000,000 to 950,000,000 each with par value of EUR 0.095 ($0.10).

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 the Board of Directors 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 2,400,000 options were granted to key employees at an exercise price of NOK 1.25 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 450,000 options were granted to key employees at an exercise price of NOK 1.50 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 2,200,000 options were granted to key employees at an exercise price of NOK 1.50 per share. Of the options granted, 700,000 are exercisable in three equal tranches in October 2016, October 2017 and October 2018. The remaining 1,500,000 options are exercisable in April 2018, pending fulfilment of certain operational targets. All options are conditional upon employment at the time of exercise.

In February 2016, 1,500,000 options were granted to a key employee at an exercise price of NOK 2.40 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 2,220,000 options were granted to key employees at an exercise price of NOK 4.00 per share. Of the options granted, 720,000 are exercisable in three equal tranches in May 2018, May 2019 and May 2020. The remaining 1,500,000 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, 1,000,000 options were granted to a key employee at an exercise price of NOK 3.77 per share. The options are exercisable with 50% until 20 May 2017 and 50% from 20 May 2017 to May 2018.

At 31 December 2016 there were 9,320,000 options outstanding. The following tables summarize information about stock options and warrants outstanding at 31 December 2016 and 2015, respectively:

Exercise Prices €	Outstanding and Exercisable at December 31,2016	Weighted Average Contractual Life in Years	Weighted Average Exercise Price €
0.14	100 000	2.17	0.14
0.14	500 000	0.17	0.14
0.14	1 600 000	1.49	0.14
0.16	200 000	1.50	0.16
0.16	300 000	1.33	0.16
0.16	1 500 000	1.84	0.16
0.16	400 000	3.08	0.16
0.26	1 500 000	3.17	0.26
0.44	1 500 000	3.75	0.44
0.44	720 000	3.42	0.44
0.41	1 000 000	1.42	0.41
	9 320 000	**2.32**	**0.27**

Exercise Prices €	Outstanding and Exercisable at December 31,2016	Weighted Average Contractual Life in Years	Weighted Average Exercise Price €
0.15	100 000	3.17	0.15
0.15	2 500 000	1.17	0.15
0.15	500 000	0.28	0.15
0.14	2 400 000	2.49	0.14
0.17	450 000	2.50	0.17
0.17	1 500 000	2.33	0.17
0.17	700 000	2.84	0.17
	8 150 000	**1.96**	**0.15**

Valuation of share options for the year ended 31 December 2016

The weighted average fair value of options granted during the period determined using the BlackScholes valuation model was EUR0.15 per option. The significant inputs into the model were weighted average share price of EUR0.36 at the grant date, exercise price shown above, volatility of 67%, dividend yield of 0%, an expected option life of 2.7 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.

The weighted average fair value of options granted during the year was determined using the Black-Scholes valuation model was EUR 0.05 per option. The significant inputs into the model were weighted average share price of EUR 1.29 at the grant date, exercise price shown above, volatility of 82% dividend yield of 0%, an expected option life of 2.2 years and annual risk free interest rate of 0.7%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last 4 years.

Share Issues

In January 2015, the Company purchased the minority interest in its subsidiary Candid for a consideration of 41,000,000 new shares. Of such shares, 27,000,000 shares were issued to acquire Candid and 14,000,000 were issued to a trust for the benefit of key Candid employees. In August 2015, 5,000,000 shares were returned to the Company as treasury shares and 500,000 shares were allocated to employees, and in May 2016, the remaining 8,500,000 shares were returned to the Company.

Pursuant to a reverse merger agreement the sellers are entitled to a variable consideration of up to a maximum of 125 million earn-out shares, provided that Limited reached certain revenue targets. Based on Limited's audited financial statements for 2015, 47,900,000 shares were issued in May 2016. The Company recorded the issue for EUR 4,273,528 in a credit to common stock and a debit to paid in capital.

During January 2016, 23,000,000 new shares of its common stock were issued for cash at NOK 1.95 per share.

In April, 2016 the Company completed the acquisition of affiliate network assets from Delta Markets N.V. for a total consideration of EUR 4,200,000 of which EUR 1,260,000 was settled through the issuance of 4,336,314 new shares.

In May 2016, the Company completed the acquisition of affiliate network assets from Magenti Media for a total consideration of SEK 47,500,000 of which EUR 5,166,896was settled through the issuance of 8,960,000 new shares, payment of cash and call options.

Also, in May 2016, the Company completed the acquisition of OddsModel AS, a sports betting technology company for a total consideration of EUR 8,919,066 which was settled through issuance of 21,739,000 new shares, payment of cash and call options.

The Company issued 4,720,000 options in 2016 with various expiration dates in 2018 and 2020. As of 31 December 2016 the Company has 9,320,000 options issued and outstanding.

Pursuant to a special shareholders' meeting on 31 August 2016, the Company's number of authorized shares increased from 750,000,000 to 950,000,000 each with a par value of $0.10.

In September 2016, the Company completed the acquisition of the gaming company Betit Holdings Ltd and the reacquisition of the 10% minority interest in iGamingCloud for a total consideration of EUR 54,376,945 and EUR 20,014,967, respectively, which were settled through issuance of 210,000,000 new shares.

Top 20 Shareholders at December 31, 2016:

SHAREHOLDER	Shares	Percent
ABN Amro Bank	187.701.099	21,9%
Bryggen Holding AS	104.446.123	12,2%
J.P. Morgan Chase Bank	58.414.881	6,8%
Hans Michael Hansen	39.101.744	4,6%
Enskil Skandinaviska	31.576.797	3,7%
Frode Fagerli	28.801.194	3,4%
DNB Luxembourg	22.249.420	2,6%
GIG Share Options Ltd.	21.803.490	2,5%
Anders Berntsen	17.210.772	2,0%
CMM Invest AS	17.184.063	2,0%
Nordnet Bank AB	16.889.026	2,0%
Flaxvatn Holding AS	14.791.990	1,7%
Svenska Handelsbanken	13.671.496	1,6%
GIG Share Options Ltd.	13.644.190	1,6%
Avanza Bank AB	12.330.125	1,4%
G.F. Invest AS	11.716.054	1,4%
Nordea Bank AB	9.177.870	1,1%
Mikko Halmela	8.197.684	1,0%
Jussi Hietalahti	8.200.149	1,0%
Mikko Halmela	8.197.684	1,0%
Nordea Bank AB Denmark Branch	7.695.418	0,9%
Total shares owned by the 20 largest shareholders	653.001.269	76,0%
Other	205.779.833	24,0%
Total Shares Issued	858.781.102	100,0%

22. COMMITMENTS AND CONTINGENCIES

At 31 December, 2016 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	
	2016	**2015**
Less than one year	426.341	361.099
Between one and five years	5.775.387	876.653
	6.201.728	**1.237.752**

Rent expense for the years ended December 31, 2016 and 2015 was EUR 787,094 and EUR 311,046, respectively. Operating lease payments represent rentals by the Company for office premises.

23. REVENUES

	Company	
	2016	**2015**
Net fair value gains on casino and sportsbook transactions	42 236 519	14 692 948
Affiliate marketing services	6 846 812	2 360 047
Platform services	3 555 658	696 042
Other gaming revenue	966 006	-
	53 604 995	**17 749 037**

24. 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	
	2016	**2015**
Platform and service provider fees	8 173 057	3 683 095
Other fees	1 111 750	359 093
	9 284 807	**4 042 188**

25. OTHER OPERATING EXPENSES

Other operating expenses include:

	Company		Parent	
	2016	2015	2016	2015
Consultancy fees	1.294.889	1.924.122	-	-
Other operating expenses	6.036.583	2.310.136	137.810	21.689
	7.331.472	**4.234.258**	**137.810**	**21.689**

Fees charged by the Company's auditors for services rendered during the financial period ended 31 December 2016 are shown below.

	Company		Parent	
	2016	2015	2016	2015
Annual statutory audit	151 854	104 504	20 000	4 408
Tax advisory and compliance service	41 717	21 000	7 530	1 700
Other non-audit services	156 384	16 350	13 950	4 500
	349 955	**141 854**	**41 480**	**10 608**

26. TAX EXPENSE (CREDIT)

	Company		Parent	
	2016	2015	2016	2015
Current tax expense/(credit)				
current year	625 697	(31 438)	-	-
under provision in prior periods	83 007	-	-	-
Deferred tax (credit)/expense (Note 20)				
current year	(538 009)	-	-	-
under provision in prior periods	193 147	-	-	-
	363 842	**(31 438)**	**-**	**-**

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

	Company		Parent	
	2016	2015	2016	2015
Profit/(loss) before tax	2 757 907	(2 126 045)	1 200 825	1 133 296
Tax calculated at domestic tax rates applicable to profits in the respective countries	(141 869)	(495 366)	(47 897)	214 250
Tax effect of:				
Income subject to reduced rates of tax	(32)	(263)	-	-
Income not subject to tax	(12 549)	(22 604)	-	(363 693)
Disallowed expenses	484 450	450 600	47 897	149 443
Adjustment for current tax of prior periods	83 007	-	-	-
Adjustment for deferred tax of prior periods	193 147	-	-	-
Other differences	(242 312)	36 195	-	-
Tax expense	**363 842**	**(31 438)**		**-**

27. EMPLOYEE BENEFIT EXPENSE

	Company	
	2016	2015
Gross wages and salaries	11 576 335	3 629 805
Employee costs capitalized as part of software development	(825 109)	(296 458)
Net wages and salaries, including other benefits	10 751 226	3 333 347
Taxes and costs	745 156	271 317
Share options granted to employees	582 948	259 936
	12 079 330	**3 864 600**

	Company	
	2016	2015
Managerial	8	11
Administrative	379	89
	387	**100**

28. OTHER INCOME (EXPENSE) NET

	Company		Parent	
	2016	2015	2016	2015
Profit on partial disposal of investment in subsidiary	-	-	-	1 000 000
Finance (expense) income - net	(1 029 924)	(25 254)	-	(26 440)
Unrealized gain on derivative asset	1 337 674	521 154	-	-
Other income	(319 450)	362 519	961	(339 729)
	(11 700)	**858 419**	**961**	**633 831**

Included within finance (costs)/income – net, are significant amounts of exchange differences arising from transactions carried out in a foreign currency. Such amounts for the year ended 31 December 2016 include EUR 942,258 arising from one-off charges on translation differences.

29. LITIGATION

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 shareholders. The Company and its legal counsel believe that these claims are without merit.

Betit is subject to arbitration proceedings against a former partner, whereby the partner has sued Betit for EUR 1,000,000. The claim relates to a termination, executed by Betit, of a previous partnership agreement between the parties, and where the validity of such termination has been challenged. Betit has contested the claim. An allowance of EUR 450,000 has been made in 2016.

30. WAGES PAID TO THE COMPANY'S BOARD OF DIRECTORS AND MANAGEMENT

The table below summarizes payments made to key management personnel in 2016.

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 its executive management and other senior employees in recognition of services rendered (Note 21). Fees below were expenses of the periods covered by these statements.

2016	Position	Board fees	Consulting	Salary	Other	Total
Helge Nielsen	Chairman	36 890	-	-	-	36 890
John Skabo	Director	18 445	-	-	-	18 445
Morten Soltveit	Director	18 568	-	-	-	18 568
Andre Lovold	Director from Sept	7 260	-	-	-	7 260
Christopher Langeland	Director until May	4 049	-	-	-	4 049
Robin Reed	CEO	-	-	120 605	6 409	127 014
Tore Formo	CFO	-	-	161 430	18 598	180 028
Kjetil Myrid Aasen	Director from May	14 396	-	-	-	14 396
Mikael Angman	Management	-		44 333	7 083	51 416
Morten Hillestad	Management	-	129 163	-	-	129 163
Matti Metsola	Management	-	-	57 415	2 841	60 257
Justin Psaila	Management	-	-	69 390	5 720	75 110
Mike Broughton	Management	-	-	82 961	2 350	85 311
Beverly Fairclough	Management	-	-	10 208	4 039	14 248
Total		**99 607**	**129 163**	**546 342**	**47 041**	**822 153**

2015	Position	Board fees	Consulting	Salary	Other	Total
Helge Nielsen	Chairman	15 834	-	-	-	15 834
John Skabo	Director	7 917	-	-	-	7 917
Morten Soltveit	Director	7 801	-	-	-	7 801
Christopher Langeland	Director	7 917	-	-	-	7 917
Robin Reed	CEO	-	-	107 863	3 093	110 956
Tore Formo	CFO	-	-	87 843	12 505	100 348
Kjetil Myrid Aasen	CEO until May	-	10 167	-	-	10 167
Total		**39 469**	**10 167**	**195 706**	**15 598**	**260 940**

31. RELATED PARTY TRANSACTIONS

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

	Parent	
	2016	2015
Other receivables from related parties (Note 14):		
- subsidiaries	2 597 041	2 800 164

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 mio), Jon Skabo (NOK 1.5 mio) and Christopher Langeland (NOK 2.0 mio in 2015 repaid in January 2016).

The following primary insiders participated in long term loans entered into in 2016 and 2015 totalling NOK 19,200,000 (EUR) 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. Lavold is a shareholder in Optimizer Invest Ltd., the previous main shareholder in Betit. Optimizer Invest received 131,173,297 shares in GIG in connection with GIG's acquisition of Betit.

Close associates of Christopher Langeland, board member and primary insider of GIG up until 10 May 2016, owned 46% of OddsModel AS and received 10,060,200 new GIG shares on 20 May 2016.

32. EVENTS AFTER REPORTING PERIOD

In February 2017, GIG successfully completed the issuance of a SEK 400 million senior secured bond in the Nordic bond market, with a SEK 1,250 million borrowing limit. Net proceeds from the bond issue will primarily be used for acquisition of affiliate markets, paying off existing debt in full, as well as towards general corporation purposes. In April 2017 all short term loans were repaid (EUR 6 million) (Note 19).

Also in February 2017, the Company entered into an agreement to purchase an affiliate for a total consideration of USD 3,700,000. In March 2017, the Company entered into an agreement to purchase an affiliate website for a consideration of EUR 11.5 million. These purchases were both completed in April 2017.

33. SIGNIFICANT RISKS AND UNCERTAINTIES

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. Legislation concerning online gaming is under investigation in many jurisdictions.

The majority of the Company's revenue is derived from markets within the European Union, meaning that their domestic regulations are subject to EU law principles, such as free movement of services. Member States are permitted to require a local licence as a condition for offering online gaming services to consumers residing in respective states only insofar as the licences are granted in objective, transparent, non-discriminatory and proportionate criteria. 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 licence.

Regulation of online gaming in European markets is generally positive development, as that reduces uncertainty and enables long term business planning and usually also increases the marketing channels available for the Company in such countries.

A decreasing portion (10-20 per cent) of the Company's online gaming revenue is derived from a particular jurisdiction outside the European Union/European Economic Area (hereinafter referred to as "EU/EEA"). No marketing activities are conducted outside the EU/EEA, and no assets are held or operations take place in jurisdictions outside EU/EEA where the Company has any material revenue. Company management continues to monitor the developments for this market.

Outside the European Union the regulatory frameworks are more fragmented. Regulatory developments in the online gaming sector and their implications for the Company are uncertain and government authorities could make assessments and decisions that differ from the Company's understanding or interpretation.

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.

34. STATUTORY INFORMATION

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

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