Q2 2017
INTERIM REPORT
8 AUGUST 2017

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 offers 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 iGamingCloud, 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 Media (previously Innovation Labs) refer traffic across casino, poker and sports betting, mainly by operating websites that rank high in search results for specific keywords and pay-per-click advertising.

GIG Media's vision is to improve the touch-points where people are finding iGaming online. This is done by highlighting educational, informational and valuable content about the industry online, and promoting best-of-breed games, operators and offerings through reviews, articles, guides and comparisons made available on various web portals.

GIG Media's revenues are generated through shares of perpetual revenues, Cost Per Action (CPA), or a hybrid between revenue shares and CPAs.

In terms of traffic driving capability, GIG Media is a leading affiliate in the Nordics.

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HIGHLIGHTS

- CONTINUED GROWTH AND ALL TIME HIGH REVENUES FOR THE GROUP: EUR 26.6 MILLION IN SECOND QUARTER 2017; AN INCREASE OF 174% FROM EUR 9.7 MILLION IN SECOND QUARTER 2016 (71% ORGANIC); AND 15% QUARTER OVER QUARTER (10% ORGANIC).
- THE COMPANY IS EXPECTING CONTINUED REVENUE GROWTH – REITERATING EXPECTATIONS OF 2017 REVENUES IN EXCESS OF EUR 120 MILLION IN 2017 EXCLUDING COMPLETED ACQUISITIONS.
- PROFITABLE GROWTH WITH EBITDA OF EUR 1.93 MILLION IN SECOND QUARTER 2017, A EUR 2.28 MILLION IMPROVEMENT FROM NEGATIVE EUR 0.35 MILLION IN FIRST QUARTER 2017 (EUR 0.96 MILLION IN SECOND QUARTER 2016).
- THREE AFFILIATE ACQUISITIONS CONCLUDED IN THE QUARTER, AND ONE IN JULY – CREATING A LEADING AFFILIATE COMPANY.
- GIG MEDIA REFERRED 21,456 FIRST TIME DEPOSITORS TO GIG'S OWN AND EXTERNAL BRANDS IN THE SECOND QUARTER, UP 71% OVER THE PREVIOUS QUARTER.
- IGAMINGCLOUD CONTINUED THE GROWTH IN THE SECOND QUARTER, AND INCLUDING GIG'S OWN BRANDS, 33 BRANDS ARE NOW OPERATIONAL ON THE IGC PLATFORM.
- ACCELERATED GROWTH FOR GIG GAMING DESPITE SEASONAL EFFECTS ON ACTIVE USERS - REVENUE GROWTH WAS 9%, QUARTER OVER QUARTER. THIS TREND HAS CONTINUED WITH A 10% MONTHLY GROWTH IN JULY.
- RAPID GEOGRAPHICAL EXPANSION THROUGHOUT THE NORDICS AND THE UK. TARGETING GERMANY FROM THIRD QUARTER AND DENMARK FROM FOURTH QUARTER.

KEY FIGURES

MEUR	Q2 2017	Q2 2016	1H 2017	1H 2016	2016
REVENUE	26.6	9.7	49.7	17.6	53.6
GROSS PROFIT	21.9	8.2	40.6	14.8	44.3
MARKETING EXPENSES	11.1	3.6	22.0	6.9	19.1
OPERATING EXPENSES	8.9	3.7	17.0	7.0	19.4
EBITDA	1.9	1.0	1.6	0.9	5.8

ABOUT GIG

GAMING INNOVATION GROUP PROVIDES THREE BESPOKE REVENUE MODELS WITHIN IGAMING; CUTTING-EDGE CLOUD BASED SERVICES THROUGH IGAMINGCLOUD; BUSINESS-TO BUSINESS PERFORMANCE MARKETING IN INNOVATION LABS; AND END-USER GAMBLING OPERATORS OFFERING GAMES FROM THE BEST-OF-BREED SUPPLIERS ACROSS THE ONLINE SPORTS BETTING AND CASINO INDUSTRY.

LETTER FROM
CEO

Dear all,

In Gaming Innovation Group we are opening up iGaming. By enabling a sharing economy for the industry, we can reduce operational costs for operators and suppliers. We free up resources that can be used to improve products and services, which in turn make the industry appeal to a wider demographic.

Over the last few months we have accelerated our efforts, and we are progressing well towards our vision: 'To make iGaming an open and connected Eco-System, for the benefit of all'. In Q2 we achieved all-time high revenues for the group – maintaining full year guiding of EUR 120 million, whilst growing the EBITDA.

Our vision starts where we connect people with Gaming. In GIG Media, our digital publishing business, we are producing news, reviews and guides. Users are finding them through search engines and are connecting to operators through adverts. By producing the best and most relevant content we gain authority in the search results.

We have grown GiG Media at an annual rate of 111% in Q2. 50% of that was organic.

In terms of search engine results we are now the largest player in the Nordics, and it is starting to reflect in the numbers: We increased the amount of paying users, referred to advertising operators, from 14,300 in Q1, to 21,500 in Q2. 79% of these customers were referred on perpetual revenue share agreements, providing sustainable and stabile growth.

32% of the leads we generated are signing up with the six internal, and 34 external, operators, who by the end of Q2 were connected to GIG's cloud based platform service: iGamingCloud (IGC).

IGC is not only offering the tools, features and - soon - advanced business intelligence required to operate an online sportsbook, casino or poker room. It is also functioning as a Software-As-A-Service Marketplace, connecting most games, payments, odds and ancillary suppliers in the industry with these operators. Scale is enabled, as it requires little development on either end. We eliminate duplicate work and integrations.

It is an attractive model and in Q2 IGC grew with annual rate of 111%, and with a sequential rate of 14%. IGC is only two years old but is probably the most successful software launch in iGaming in recent time. In the quarter we also completed the first integration of a larger external operator. An important milestone in our roadmap to power the largest brands in the industry.

The symbiosis between this platform service and lead generation is key to understanding why GIG is growing at an annualized rate of 174%. It's also key to understanding why we have posted record revenues in every quarter after listing, while being profitable in the period.

Combining lead generation with the platform is a powerhouse offering. We sell adverts at the same prices as an independent traffic channel, however we earn more than them because we also earn from the platform when players are referred to IGC clients. The suppliers on their end are seeing increased volumes, which eventually will lead to better rates. Clients and suppliers are getting distribution and everyone grows.

The eco-system benefits are why we have focused intensely on growing GIG Media in this quarter, and it is why we acquired STK Marketing, one of the biggest affiliate networks in Scandinavia, in July. This is our fourth affiliate acquisition in 2017 and GiG has now established itself as a Nordic market leader in the affiliate segment.

The B2B business is supported by the accelerated growth rate of our B2C Business: GIG Gaming. 183,000 players were active with us in Q2 and their volumes contributed to the eco-system and suppliers - working in harmony with our B2B business.

Driven by an intense focus on product and user experience, GiG Gaming grew by 9% over first quarter this year, and 211% over least year. It is particularly impressive to see as we closed down a range of markets, to focus on core regulated, or near-regulated markets, in our pursuit of rapid geo-expansion.

The Company has an ambition of becoming the leading iGaming company from the Nordics and is quickly progressing towards it. At such scale we can not only open up the industry, but also we can disrupt it from within. People have made bets since the dawn of mankind, and in GIG we want to give them a better way to do it.

All the best,

Robin Reed
CEO

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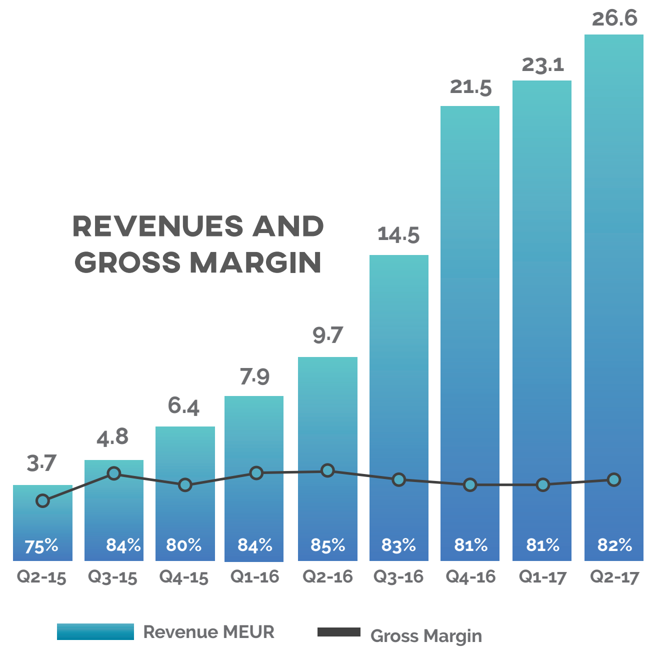
OPERATIONAL UPDATE

Gaming Innovation Group Inc. (GIG) continued to grow across its business areas in the second quarter 2017. The main achievements during the quarter were:

- Continued growth in both deposits and GGR (gross gaming revenues) for the operators, despite a reduction in active users from 188,879 in the first quarter to 183,295 in the second quarter. Retention rates are better, alongside most operational KPIs. Betit's three brands accelerated growth from the first quarter. GIG's traditional brands are also accelerating growth, despite transfer of players from non-core markets.
- iGaming Cloud (iGC) had 24 external operators live in the second quarter, and four new agreements were entered into during the quarter. A total of 29 agreements have been signed to date.
- GIG Media strengthened its position as a leading affiliate and traffic channel of Nordic customers through three acquisitions during the quarter – and one in July. Number of referred FTDs and revenue were all time high.



GIG continues to strengthen its management team. Steve Butterworth (Google, Apple, Starbucks) has replaced Beverley Fairclough as Chief People Officer. Natasha Gowans (LinkedIn, Accenture) joined as Head of Communications. In addition, GIG Media and Betting Cloud have strengthened their management with new hires.

The combined workforce has reached over 500 full time employees. This is split as around 250 working in GiG Gaming, 200 in GiG Cloud Services and 50 in Marketing. The Company is currently advertising 60 new positions expected to be filled by the end of the year.

Starting end of September 2017, we will move over 200 employees into our new HQ in Malta, @GiG Beach. We will also lease over 3,200 SQM of space in a second high-profile building in Malta, @GiG Sky, due to open Autumn 2018.

Our values and company culture are the foundation of our success. We launched our Values to all employees earlier this quarter and initiated an employer branding campaign in order to attract the best talent and improve the brand awareness of the company. In a short timeframe we have seen increased media exposure and social media engagement.

B2C

The B2C segment include Gaming Innovations Groups six gaming operators, Rizk.com, Betspin.com, Guts.com, Kaboo.com, Thrills.com and Superlenny.com

MEUR	Q2 2017	Q2 2016	1H 2017	1H 2016	2016
REVENUE	20.18	6.45	38.67	13.11	42.40
MARKETING EXPENSE	11.56	3.75	22.69	7.12	19.80
EBITDA	-1.94	-1.40	-4.61	-2.07	-1.12
TOTAL DEPOSITS	80.4	16.5	153.6	16.5	159.1

GAMING OPERATORS

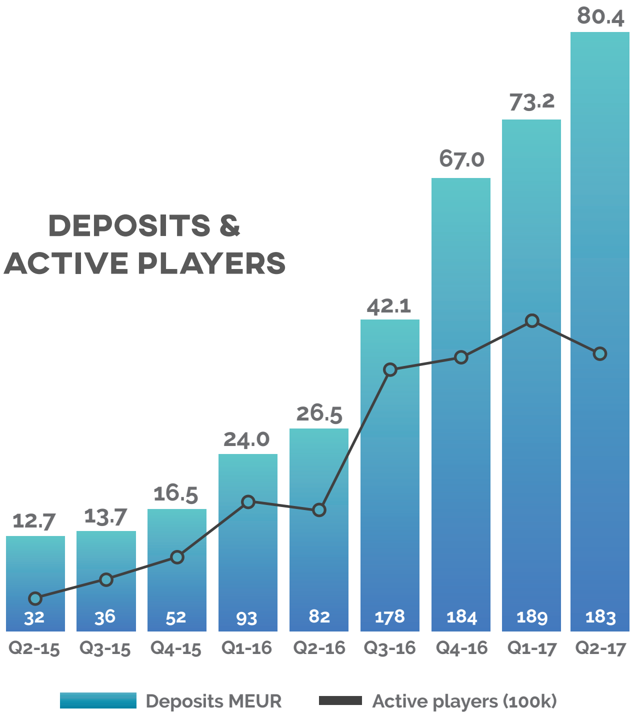
The vision of GIG Gaming is to make iGaming truly customer oriented. The Company is pursuing this vision by aiming to deliver the best products and customer experience in the industry. Our strategy is to expand and become a major iGaming operator in the Nordics and Western European markets, which we have defined as our core markets.

GIG's casino brands continued their expansion with more brands marketed in the second quarter, with all time high deposits and Gross Gaming Revenue (GGR). For the quarter, total deposits were EUR 80.4 million, up 9% from EUR 73.2 million in the first quarter 2017.

Revenues for the B2C segment amounted to EUR 20.2 million in the second quarter, a 9.1% increase from EUR 18.5 million in the first quarter 2017 and 213% over the second quarter 2016. Currency fluctuations had a EUR 0.37 million negative impact on revenue compared to the previous quarter. 51% of revenues came from regulated and near-regulated markets (Sweden and Netherlands), up from 41% in the first quarter 2017. Revenues were split with 64% (61% in Q1) from the Nordics, 10% (10%) from UK and Ireland, 12% (8%) from Western Europe and the balance, 14% (21%) from non-core markets. Part of non-core players were transferred to a new brand operating on the iGC platform effective from 1 June 2017, and the related revenue were shifted from the B2C to the B2B segment from this date.

The casino margin in the operator business was 3.53% in the second quarter, down from 3.61% in the first quarter 2017. Sports betting had a margin of 6.5% in the second quarter, compared to 6.6% in the previous quarter. Betting duties was 3.2% of revenues in second quarter 2017 (3.6% in first quarter 2017 and 2.2% in second quarter 2016).

DEPOSITS & ACTIVE PLAYERS



The number of active users for the B2C segment was 183,295 in the second quarter, compared to 81,645 in the second quarter 2016 and 188,879 in the first quarter 2017. Part of the decline is related to the shift of non-core players from B2C to B2B. GIG's original brands, Guts.com, Rizk.com and Betspin.com, had a decline in active users in the second quarter 2017 due to seasonal variations, while the three Betit brands further recovered from the lower performance earlier this year and increased active users by 7.4% in the second quarter. As of 30 June 2016, GIG Gaming had 1.85 million registered users.

Revenues from GIG's historical brands were EUR 11.47 million in the second quarter, an increase of 4.6% over the first quarter 2017, and 64.6% over the first quarter 2016. Revenues from the Betit brands were EUR 8.71 million, an increase of 15.7% compared with the previous quarter, and 10.1% over the first quarter 2016. Organic revenue growth was 16% quarter over quarter when correcting for the transferred non-core markets.

The organization supporting our multi-brand strategy has overcome the initial hurdles from the migration of Betit. It is maturing and now focusing on continuous improvements to enable our B2C to reach a state of operational excellence. In July, revenues increased by 10% over June, confirming this development.

GIG continued to invest in marketing in the second quarter, with a total B2C marketing expense of EUR 11.57 million in the second quarter, in line with the EUR 11.12 million spent in the first quarter 2017 (EUR 3.75 million in the second quarter 2016). This represents 58% of B2C revenues in the second quarter, compared to 60% in the previous quarter.

Above the line marketing campaigns have primarily been focused in the Nordics and in the UK so far in 2017, along with continued expansion in Western European markets.

Of the total marketing expenses, 68% was attributable to up-front payments (incl. TV), while 32% was allocated to revenue share agreements. GIG focuses on growth for its operators, and will continue to prioritize reinvesting revenues into marketing.

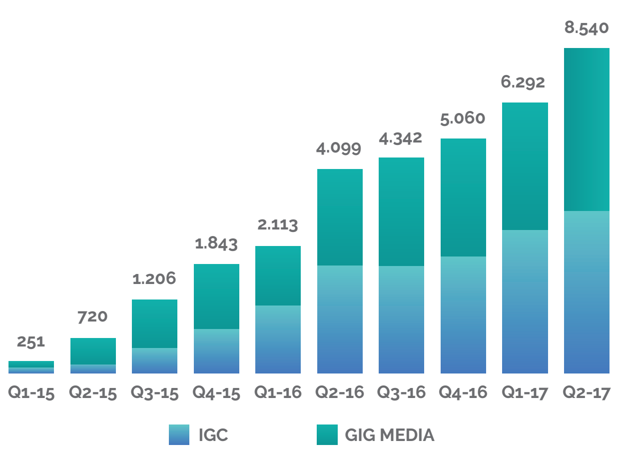
GIG's new casino brand will be soft launched for beta testers and existing GIG Gaming users in October with full launch in November. The Company has secured the high profile domain Highroller.com as the brand. The domain supports the aspirational user journey with elements such as levelling up, exploration and community features, offered by the product, fully utilize the gamification and customer-specific capabilities in the iGC platform.

B2B

This segment includes Gaming Innovation Group's cloud-based services (iGamingCloud), sports betting (Betting Cloud) and digital marketing services (GIG Media).

MEUR	Q2 2017	Q2 2016	1H 2017	1H 2016	2016
REVENUE	8.54	4.10	14.83	6.21	15.61
EBITDA	3.89	2.36	6.21	2.95	6.94

Revenues for the B2B segment amounted to EUR 8.54 million in the second quarter 2017, a 36% increase over the previous quarter, and a 108% increase over the second quarter 2016.



Of the revenue growth, 17% was organic and 19% was acquired growth. Second quarter B2B revenues were split with EUR 4.37 million in GIG Media and EUR 4.17 million in iGC and BettingCloud. EBITDA was EUR 3.89 million, equalling an EBITDA margin of 45%, an increase from EBITDA of EUR 2.33 million in the previous quarter (35% margin) and EUR 2.36 million in the second quarter 2016 (58% margin). The B2B segment has limited sales costs and marketing expenses.

CLOUD BASED SERVICES

GIG's cloud-based platform services, iGamingCloud (iGC), continued to grow in the second quarter of 2017, and in May, monthly revenues exceeded EUR 1 million for the first time. During the quarter, 30 brands operated on the platform including GIG's six own brands. Total database transactions increased by 17%, to 2.8 billion, from 2.4 billion in the first quarter 2017 (1.0 billion in second quarter 2016).

iGC revenue (iGaming Cloud and BettingCloud combined) was EUR 4.17 million in the second quarter 2017, a 36% increase over first quarter 2017 and 106% increase over second quarter 2016, whereof 62% was external revenue from clients and the balance from GIG's own brands. All growth was organic. EBITDA for the quarter was EUR 0.84 million, an EBITDA margin of 20% (EUR 0.14 million and 4% in Q1 2017).

As previously announced, GIG transferred part of its customer databases from non-core markets to a new brand operating on the iGC platform effective from 1 June 2017. The transfer result in a shift of operating profit from the B2C segment to the B2B segment, benefitting iGC with EUR 138K in revenue and enables GIG to focus on core markets in its B2C operations.

Subsequent to the second quarter, Vegas Partner Lounge has migrated their two existing brands to the iGC platform, in addition to launching two new brand in the second quarter. The migration of Vegas Partner Lounge's existing brands to iGC was a success. Vegas Partner Lounge has been operating for 13 years and the migration not only consisted of the largest migration of historic data to date but also involved the consolidation of data from multiple brands to two brands, and marks a milestone in GIG's roadmap.

In the second quarter 2017, four new agreements were signed, including three additional brands from existing iGC clients. In addition, one new agreement has been signed so far in the third quarter. Also, two smaller start-ups that were signed in 2015 and 2016 discontinued their operations in the second quarter after a longer period with weak performance.

In the second quarter, iGC signed a partnership with Lottoland, allowing iGC to add a new product vertical powered by an industry leading supplier. Combining Lottoland's vast lottery offerings with iGC's real time data and gamification tools will create a powerful user experience. The Lottoland offering will be rolled out latest Q1 2018.

As of today, a total of 29 clients have signed for the iGC platform since launch, and a total of 40 brands will operate on the platform, including GIG's six brands. Five brands have started operations so far in the third quarter, and three more are expected to go live in the third quarter, three in fourth quarter and one is uncertain due to a pending licence. GIG is satisfied with the overall performance in iGC and expects continued growth going forward.

GIG is in the final stages of providing the new business intelligence (BI) offering on the iGC platform. During the quarter our partners were given access to the Cube. A data cube is best explained as a multidimensional sets of data that can be stored in a spreadsheet (Excel), providing the means to summarize information from a raw data source. We will add dashboards in phase 2 of the BI project, which will see a mid-August roll out.

The migration of the iGamingCloud clients from the BMIT servers located in Malta to a dedicated cloud located in Western Europe is ongoing. The new servers are providing an improved performance and increased scale, and the completion in Q3 marks a significant milestone for iGamingCloud. Regarding the re-architecture project of the platform previously mentioned is ongoing, and follows the continuous implementation methodology over the course of the project. The aim with the re-architecture is to create a future-proof architecture, which allows the platform to support the current and future scale and performance requirements of any operator in the iGaming industry.

BETTING CLOUD

BettingCloud is GIG's new B2B sports betting offering that is based on the OddsModel technology acquired in 2016. OddsModel generates proprietary odds, using own proprietary technology. BettingCloud utilizes and expands the OddsModel technology to products utilized by own brands, and available to external clients on a standalone basis as well as via iGC platform. BettingCloud has a Class 4 Remote Gaming License from the Malta Gaming Authority (MGA), and this B2B supplier license allows it to supply its sports betting products to other licensed operators. The first operator that was launched on the BettingCloud license was German facing operator Wetten.com in Q1 2017.

BettingCloud has seen a significant increase in manpower in 2017 and is expected to reach targets for 2017. On an operational side, the Company is now ready to handle multiple operators and the operations are scalable.

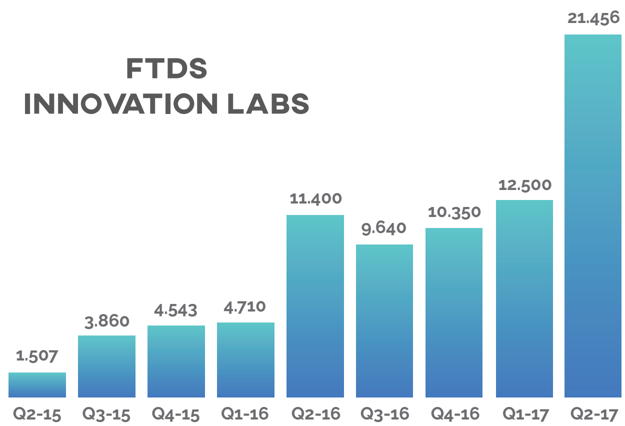
The development of the BettingCloud technology is ongoing and it is expected that full APIs for operators to create tailor made sportsbook solutions will be available to operators by the end of 2017. BettingCloud is also targeting a release of its own proprietary football odds to be available for clients in 2017.

GIG's subsidiary Gridmanager are performing trading in the sports betting market, using the BettingCloud platform and OddsModel technology. Gridmanager placed around 84,000 bets for a total of around EUR 15 million in the second quarter, resulting in a EUR 0.67 million trading revenue in the second quarter of 2017, an increase from EUR 0.28 million in the previous quarter. Although results vary on a daily basis and due to seasonal variations, the profits generated from the trading in the highly competitive sports betting market can be seen as a proof of competiveness of the technology, and as a proof of concept for the odds that will be generated for the BettingCloud platform.

DIGITAL MARKETING SERVICES

In the second quarter of 2017, GIG acquired three affiliate networks, including affiliate websites, accounts and associated agreements. In July, an additional affiliate network was acquired. The acquisitions strengthen GIG's position as one of the leading affiliates in Europe.

GIG Media achieved 21,456 new FTDs (First Time Depositor) referred to operators in the second quarter 2017, compared with 11,413 in the second quarter 2016, and 12,532 in the first quarter 2017. This is a 71% increase quarter over quarter, and an all-time high for this KPI.



Of the new FTDs in the quarter, 16% was referred to GIG's own brands, 16% to iGC clients, and the remaining 68% to other operators. GIG aims to increase the proportion of FTDs referred to its eco system, but when acquiring new affiliate networks, it takes some time to shift referrals from external operators to iGC operators.

Revenue was EUR 4.37 million in GIG Media in the second quarter 2017, a 111% increase over second quarter 2016, where 50% was organic and 61% acquired. EBITDA for the quarter was EUR 3.03 million, an EBITDA margin of 68% (EUR 2.20 million and 69% in Q1 2017).

78% of revenues in the second quarter came from revenue share (61% in the first quarter), 17% from CPA (31%) and 5% from listing fees (8%).

The largest of the three acquisitions is the highly regarded affiliate website Casinotopsonline.com, which was acquired for EUR 11.5 million, including all related assets. This acquisition enhances GIG Media's position outside Scandinavia and in regulated markets such as the UK. GIG also acquired an international network for which GIG paid EUR 3.5 million in cash.

These two affiliate networks were acquired effective from 1 April 2017, and contributed with revenues of EUR 1.09 million in the second quarter. Going forward, GIG expects to be able to increase revenues as these networks will be further integrated into GIG Media's BI/Data proprietary systems & marketing platforms, providing both technological and operational synergies.

Further, a highly regarded affiliate network targeting sportsbook players in Central Europe was acquired effective from 1 June 2017, for a total consideration of EUR 5.7 million. The acquisition includes a network of sportsbook websites, and all related assets, IP and affiliate accounts. The network provides reviews and betting tips to users on upcoming sporting events. The current annual revenue run-rate of the acquired assets is approximately EUR 1.4 million, with a EBIT margin of above 85%. This acquisition further expands GIG Media's geographical footprint to include one of the world's largest markets, and significantly strengthens its sportsbetting assets. The network is expected to add a minimum of 5,000 high value FTDs in the first 12 months.

In July, GIG Media agreed to acquire all affiliate assets from STK Marketing Ltd, one of the biggest affiliate networks in Scandinavia for a total consideration of NOK 240 million (around EUR 26 million). The assets includes a network of casino websites and all related assets and affiliate accounts. The network provides reviews and strategy guides to users on different casino games. GIG expects these assets to generate above EUR 7 million in EBITDA during the first 12 months after completion of the transaction. Around 70 percent of this EBITDA is expected to be generated from perpetual revenue share agreements.

The STK acquisition was completed effective from 1 August 2017, establishing GIG as a Nordic market leader in the affiliate segment, and the largest suppliers of iGaming traffic in its core markets.

GIG is aiming to build the leading performance marketing company in the industry, by directing more of the traffic from paying users online to GIG's ecosystem. The acquisitions described above enhance GIG Media's position both inside of Scandinavia and in regulated markets, such as the UK. The four affiliate acquisitions made so far in 2017 are expected to contribute with a combined annual EBITDA of around EUR 13 million over the next 12 months.

GIG adheres to strict compliance standards regarding the operators to whom it supplies traffic through its affiliate network, and the affiliate network operates in compliance with all applicable laws. Dutch Gaming Authority has provided GIG a notice of a draft decision about its intention to impose a conditional penalty payment of up to EUR 21,000 on GIG. GIG refutes the far-reaching interpretation applied by the Dutch Gaming Authority. Nevertheless, GIG is following the regulatory developments in the area and is prepared to adjust the way it operates, if necessary.

STRATEGIC UPDATE & OUTLOOK

Through internal development, growth and integration of the Company's business areas, GIG's vision is to make the iGaming industry an open and connected ecosystem, for the benefit of all. The recent affiliate acquisitions contribute to the realization of this strategy, benefiting all parties engaged in expanding the GIG iGaming ecosystem, by increasing their volumes and activities.

GIG Gaming has regained traction in the second quarter, and the performance has continued into July, even after the transfer of activities in non-core market to B2B clients on the iGC platform. Marketing spend has been high as the Company prioritizes growth. TV campaigns have been expanded to include more countries and more brands. With the launch of the new Highroller.com brand in October, GIG is confident that these initiatives will secure growth and improved performance going forward, and although high marketing expenditure affects short-term profits, longer term prospects look positive for GIG Gaming.

iGaming Cloud has added ten new brands to the platform so far in 2017, and has signed another five brands, which will go live later in 2017. The new BI offering and migration to new servers will provide increased performance and scale to the iGC platform. Activity and revenues are increasing month over month, and with more clients expected to be signed, the Company looks forward to continued revenue growth and increased profits going forward. The goal is to prepare the platform for Tier-A customers, by providing a highly scalable architecture, and expanding the features and capabilities offered.

For the affiliate business in GIG Media, the four acquisitions so far in 2017 have significantly strengthened the overall operations, and increased both the geographical and the vertical footprint. GIG now has a leading position in the important Nordic market, and strong presence in other core markets. The affiliate transactions made so far in 2017 are in combination expected to contribute with an annual EBITDA close to EUR 13 million over the first 12 months after the respective closings.

Outlook

GIG is satisfied with operations and the development so far in 2017. GIG Gaming has has strengthened its performance this quarter, and iGC has seen continued growth every month. The affiliate acquisitions concluded in 2017 have increased profitability and will channel more users into GIG's eco system to further generate future growth for all business areas. The Company remains optimistic regarding its strategic, operational and financial development for the remainder of 2017, and are confident that 2017 revenues will exceed the guided amount of EUR 120 million, excluding revenues from acquired affiliate assets.

FINANCIAL PERFORMANCE

Consolidated revenues for Gaming Innovation Group (GIG) amounted to EUR 26.58 million in the second quarter of 2017, a sequential increase of 15% from the first quarter of 2017 (EUR 23.07 million), and an increase of 174%, compared with the second quarter of 2016 (EUR 9.69 million). Revenues comprise income from the Company's gaming sites, from affiliate marketing in GIG Media, from B2B customers on the iGC platform, and sport trading.

Cost of sales include fees to game and payment suppliers, as well as gaming taxes and other variable expenses. In the second quarter 2017, cost of sales amounted to EUR 4.68 million, compared with EUR 4.37 in first quarter 2017, and EUR 1.44 in second quarter 2016. Gaming taxes amounted to EUR 0.65 million, or 2.4% of revenues, compared with EUR 0.66 million (2.9%) in first quarter 2017, and EUR 0.15 million (2.0%) in second quarter 2016.

Gross profit for the group amounted to EUR 21.90 million during the second quarter 2017, a 17% increase over EUR 18.71 million in the previous quarter, and a 166% increase over second quarter of last year (EUR 8.25 million). Gross profit margin for the quarter came in at 82%, compared with 81% in first quarter 2017, and 85% in the corresponding quarter last year.

Marketing expenses were EUR 11.11 million in first quarter 2017, a 1.7% increase from EUR 10.93 million in first quarter 2017 (EUR 3.60 million in second quarter 2016). Marketing expenses' share of total revenues was 42% during the period, compared with 47% in the previous quarter, and 37% in second quarter 2016. Marketing expenses are mainly associated with the company's B2C operations, and comprise both up-front payments such as TV campaigns and CPA (cost per acquisition), and affiliate commissions. Due to extensive TV campaigns on behalf of the Company's brands, marketing expenses have increased during the recent 12 months. TV campaigns will be continued in several markets in 2017.

Other operating expenses amounted to EUR 8.86 million in second quarter 2017, compared with EUR 8.13 million in first quarter 2017, and EUR 3.69 million in first quarter 2016. Operating expenses are mainly related to salaries, rent and general corporate expenses, and the increase is a result of increased activity, investments into future products, and an increase in the number of employees over the quarter from 422 to 507, which includes full time consultants. While operational expenses are expected to increase, its share of revenue decreased from 35.2% in first quarter 2017 to 33.3% in second quarter 2017, and the Company expects that operating expenses proportionate to revenues, will continue to decrease over the course of the next quarters.

Expenses related to the Company's development of technology and future products in iGC and BettingCloud amounted to EUR 1.25 million in the second quarter 2017, compared to EUR 0.10 million in same quarter last year. EBITDA for the second quarter 2017 was EUR 1.93 million, a EUR 2.28 million improvement from a negative EUR 0.35 million in first quarter 2017 (EUR 0.96 million in second quarter 2016). The increase in EBITDA from the previous quarter is driven by overall growth and minimal increase in up-front marketing expenses.

Depreciation and amortization amounted to EUR 2.15 million in second quarter 2017, compared with EUR 1.24 million in first quarter 2017, and EUR 0.70 million in second quarter 2016, leaving an EBIT of EUR -0.22 million in second quarter 2017, an improvement from EUR -1.59 in first quarter 2017 (EUR 0.26 in second quarter 2016). Depreciation and amortization expenses are mainly related to amortization of the affiliate acquisitions completed over the last three years, with EUR 0.55 million related to affiliate contracts and EUR 0.76 million to domains/SEO in the quarter.

Net other income was negative by EUR 0.01 million in second quarter 2017, and includes interest and foreign exchange gains, mainly as a result of the weakening of the NOK versus EUR. Accrued interest on the Company's bond was EUR 0.80 million in the quarter. Net other income was EUR -0.86 million in first quarter 2017, and EUR 0.03 million in second quarter 2016.

The net result for the second quarter amounted to EUR -0.24 million, compared with EUR -2.46 million in first quarter 2016, and EUR 0.01 million in second quarter 2016.

In May 2015, GIG purchased 10% of the shares in Easy Payment Gateway Ltd. ("EPG") for a consideration of GBP 500,000, with an option to purchase an additional 15% of the shares in Easy Payment Gateway Ltd. based on a company value of minimum GBP 20 million. The option lapsed in June 2017, and GIG did not exercise. Also in June 2017, EPG conducted a share issue based on a company value of GBP 20 million, and as a consequence, GIG's ownership in EPG was reduced to 8.3%. Based on this valuation, GIG's shareholding in EPG is valued at EUR 1.88 million, and resulting in a fair value adjustment of EUR 1.31 million under comprehensive income.

Comprehensive loss includes EUR 1.22 million in exchange differences on inter-company balances resulting from the EUR value of acquisitions at the date of acquisition versus the month end rate due to the strengthening of EUR.

JANUARY-JUNE 2017

Consolidated revenues for the first six months of 2017 came in at EUR 49.65 million, an 182 per cent increase from EUR 17.58 million in the first six months of 2016. Cost of sales amounted to EUR 9.05 million for the period, compared to EUR 2.74 million for the corresponding period last year. Gross profit ended at EUR 40.61 million, up 174 per cent from EUR 14.84 million for the first six months of 2016. The gross profit margin was 82% compared to 84% the same period last year.

Marketing expenses amounted to EUR 22.04 million in the first six months of 2017 (44% of revenues), compared to EUR 6.94 million in the first six months of 2016 (40% of revenues). The increase is mainly due to the TV marketing campaign, Other operating expenses amounted to EUR 16.98 million in the first six months of 2017, compared to EUR 7.02 million in the first six months of 2016.

The higher operating expenses is a result of an overall increased activity, a higher number of employees and the consolidation of Betit from September 2016. EBITDA for the first six months of 2017 ended at EUR 1.58 million, compared to EUR 0.89 million in the corresponding period in 2016.

Net other income was negative by EUR 0.87 million during the period, compared to EUR 1.37 million in the first six months of 2016. An unrealized gain on derivative assets of EUR 1.50 million were included in 2016.

Net result ended at EUR -2.71 million in the first six months of 2017, compared to EUR 1.14 million in the first six months of 2016.

CASH FLOW

The consolidated net cash flow from operational activities amounted to EUR 3.05 million for the second quarter 2017 (EUR 0.97 million in second quarter 2016).

The net cash flow used on investments was EUR 22.51 million in second quarter 2017 (EUR 4.13 million in second quarter 2016), whereof EUR 20.66 million were related to acquisition of affiliates. The net cash flow from financing activities was negative with EUR 5.97 million in second quarter 2017 (EUR 2.12 million in second quarter 2016), due to repayment of previous short-term loans.

Cash and cash equivalents reduced by EUR 26.12 million in second quarter 2017 (EUR 1.21 million decrease in second quarter 2016), mainly due to acquisition of affiliates and repayment of short-term loans.

As of 30 June 2017, holdings of cash and cash equivalents amounted to EUR 25.19 million, compared with EUR 3.09 million as of 30 June 2016. Cash holdings include EUR 4.24 million in fiduciary capacity, which is customer monies, which use is restricted, in accordance with the Remote Gaming Regulations.

FINANCIAL POSITION

As of 30 June 2017, GIG had total assets of EUR 169.3 million, and shareholders' equity was EUR 102.5 (60%).

The net interest-bearing debt as at 30 June 2017 was EUR 41.4 million, which consists of the SEK 400 million 7% bond.

As of 30 June 2016, the net interest-bearing debt was EUR 5.2 million. The Company's previous credit facilities and short-term loans were repaid in April 2017.

SHAREHOLDER MATTERS

During the second quarter, GIG's share price varied between NOK 4.35 and NOK 6.18. The closing price at 30 June 2017 was NOK 4.89. At the close of the previous quarter, the share price was NOK 4.89.

In the Share Purchase Agreement from February 2015 between the Company and the previous shareholders of Gaming Innovation Group Ltd., the sellers were entitled to a variable consideration of up to 125 million earn-out shares provided that the Company reached a combined revenue of EUR 63 million or more in 2015 and 2016. For the year 2015, 47.9 million earn-out shares were issued in May 2016. The revenue target was based on the accounting principles then used, and the combined revenue obtained in 2015 and 2016 was EUR 93.9 million based on these principles, whereof EUR 78.4 million organic (without acquired businesses). Thus, the earn-out target has been achieved, and in June, 77,100,000 new shares were issued for the earn-out consideration to the sellers of Gaming Innovation Group Ltd.

As of 30 June 2017, the total number of shares outstanding in GIG was 895,656,266 (par value USD 0.10), divided between approximately 3,600 shareholders. During the quarter, no new options were granted and 710,000 options ceased, leaving 18,285,000 options outstanding at quarter end. The number of authorized shares is 950,000,000.

In July 2017, the Board granted a total of 2,350,000 new options to key employees, with an exercise price of NOK 6.00 per share, and the options are exercisable with 20% after 1 July 2018, 30% after 1 July 2019 and 50% after 1 July 2020. All options expires on 30 June 2023 and are conditional upon employment at time of exercise. Further, 1,575,000 options have been cancelled subsequent to the second quarter, resulting in a total of 19,060,000 options outstanding as of today.

STATEMENT FROM THE BOARD OF DIRECTORS

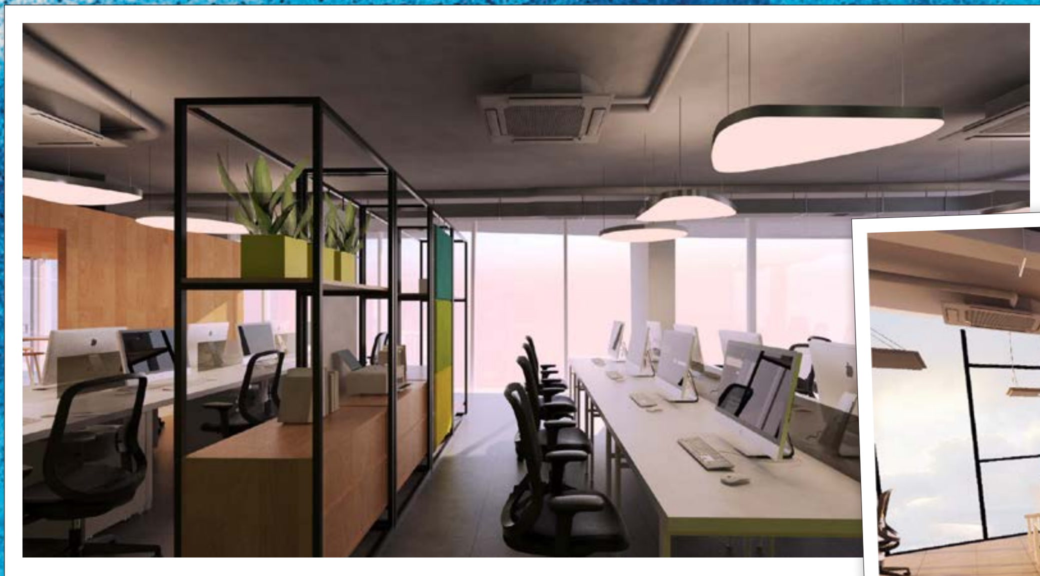
The Board of Directors has today approved the condensed consolidated financial statements for the first six months of 2017 and the condensed consolidated balance sheet per 30 June 2017 for Gaming Innovation Group Inc.

We declare to the best of our belief that the condensed consolidated financial statements for the first half of 2017 gives a true and fair view of the Company's assets, liabilities, financial position and results of operations, and that the report is produced according to prevailing accounting standards.

We also declare, to the best of our belief, that the half-year report provides a fair view of the information required under §5-6 (4) of the Norwegian Securities Act. We also confirm that any description of transactions with related parties are correct. The relevant risks the Company is exposed to are described in the Company's 2016 Annual Report.

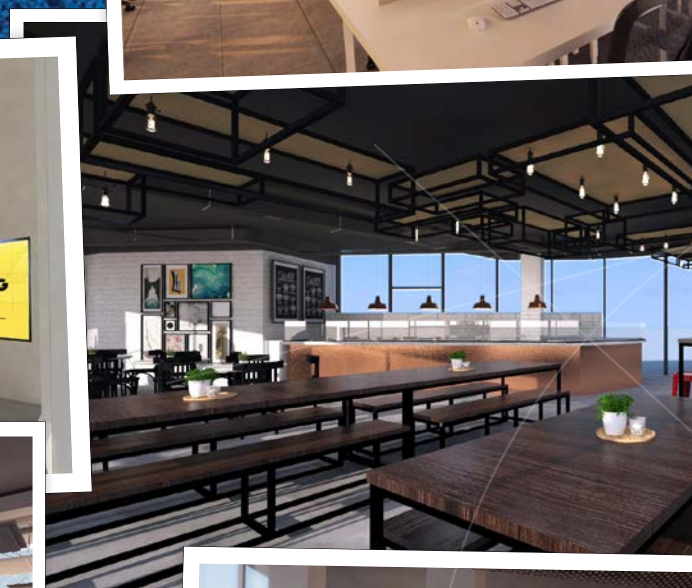
August 8, 2017
The Board of Directors of Gaming Innovation Group Inc.

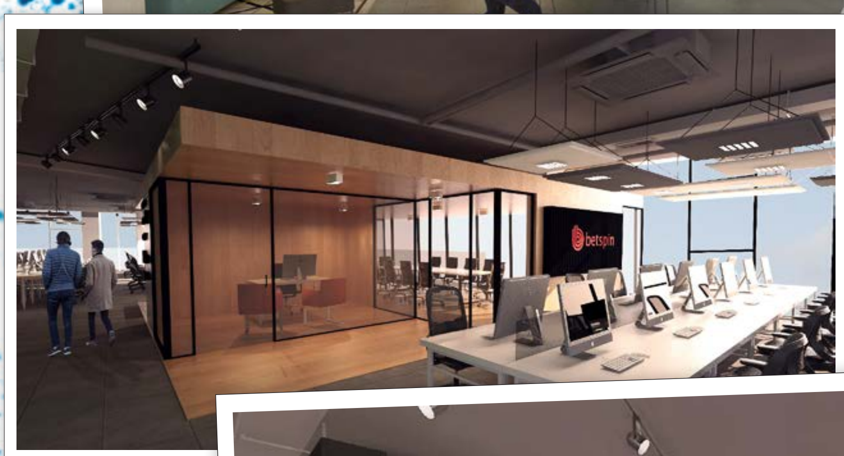
Helge Nielsen	Jon B. Skabo	Morten Soltveit	Andre Lavold	Henrik Persson Ekdahl	Robin Reed
CHAIRMAN	DIRECTOR	DIRECTOR	DIRECTOR	DIRECTOR	CEO




GUTS


GiG

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SNEAK PEEK

GAMING INNOVATION GROUP INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

EUR - UNAUDITED	Q2 2017	Q2 2016	1H 2017	1H 2017	2016
Revenues	26 578 726	9 691 104	49 653 025	17 577 079	53 604 995
Cost of sales	4 679 556	1 443 814	9 046 148	2 738 068	9 284 807
Gross profit	21 899 170	8 247 290	40 606 877	14 839 011	44 320 188
Operating expenses					
Marketing expenses - revenue share	3 683 898	1 249 387	7 010 649	2 518 451	7 874 744
Marketing expenses - other	7 429 400	2 348 887	15 032 691	4 418 571	11 218 789
Other operating expenses	8 855 388	3 690 637	16 983 973	7 015 700	19 410 802
Total operating expenses	19 968 686	7 288 911	39 027 313	13 952 722	38 504 335
EBITDA	1 930 484	958 379	1 579 564	886 289	5 815 853
Depreciation & amortization	2 152 383	700 131	3 391 815	1 055 093	3 046 246
EBIT	-221 899	258 248	-1 812 251	-168 804	2 769 607
Other income (expense)	-4 586	25 572	-866 384	-131 451	-1 349 374
Unrealized gain on derivative asset	-	-123 928	-	1 497 787	1 337 674
Result before income taxes	-226 485	159 892	-2 678 635	1 197 532	2 757 907
Tax income/(expense)	-16 516	-58 412	-26 524	-58 412	-363 842
Net results	-243 001	101 480	-2 705 159	1 139 120	2 394 065
Exchange differences on translation of foreign operations	-1 987 384	-167 119	-1 834 636	-202 949	-199 850
Fair value movement in available for sale investment	1 297 865	-	1 296 132	125 702	-69 459
Total comprehensive income (loss)	-932 520	-65 639	-3 243 663	1 061 873	2 124 756
Total comprehensive income (loss) attributable to:					
Owners of the Company	-935 402	-64 325	-3 245 881	1 117 288	2 237 893
Non-controlling interests	2 882	-1 314	2 218	-55 415	-113 137
Total comprehensive income (loss)	-932 520	-65 639	-3 243 663	1 061 873	2 124 756
Earnings per share attributable to GIG Inc:					
Basic earnings (losses) per share	-0.00	0.00	0.00	0.00	0.00
Diluted earnings (losses) per share	-0.00	0.00	0.00	0.00	0.00
Weighted average shares outstanding	887 791 266	554 533 241	887 791 266	533 855 860	629 595 518
effect of dilutive shares	-	-	-	-	2 513 622
Diluted weighted average shares outstanding	887 791 266	554 533 241	887 791 266	533 855 860	632 109 140

GAMING INNOVATION GROUP INC.

CONDENSED STATEMENTS OF FINANCIAL POSITION

EUR - UNAUDITED	30 JUN 2017	30 JUN 2016	31 DEC 2016
ASSETS			
NON-CURRENT ASSETS:			
Goodwill	63 674 819	24 252 426	63 954 856
Intangible assets	61 482 472	20 054 482	41 204 449
Deposits and other non-current assets	5 164 580	1 599 981	2 433 986
Total non-current assets	130 321 871	45 906 889	107 593 291
CURRENT ASSETS:			
Prepaid and other current assets	180 224	24 516	147 792
Derivative assets	0	2 863 567	0
Trade and other receivables	13 693 186	6 948 563	12 532 193
Cash and cash equivalents	25 194 901	3 094 945	6 035 177
Total current assets	39 068 311	12 931 591	18 715 162
TOTAL ASSETS	169 390 182	58 838 480	126 308 453
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY:			
Share capital	78 483 434	52 955 695	71 639 353
Share premium/reserves	28 039 409	-4 789 080	33 330 668
Retained earnings (deficit)	-3 906 507	-1 168 905	198 879
Total equity attributable to GIG Inc.	102 616 336	46 997 710	105 168 900
Non-controlling interests	8 174	-158 383	5 957
TOTAL SHAREHOLDERS' EQUITY	102 624 510	46 839 327	105 174 857
LIABILITIES:			
Trade payables and accrued expenses	24 659 835	6 821 600	15 065 681
Short term loans	-	3 581 428	3 406 994
TOTAL CURRENT LIABILITIES	24 659 835	10 403 028	18 472 675
Bond payable	41 404 754	0	0
Other long term liabilities	701 083	1 596 125	2 660 921
TOTAL LONG TERM LIABILITIES	42 105 837	1 596 125	2 660 921
TOTAL LIABILITIES	66 765 672	11 999 153	21 133 596
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	169 390 182	58 838 480	126 308 453

CONDENSED STATEMENTS OF CHANGES IN EQUITY:

	30 JUN 2017	30 JUN 2016	31 DEC 2016
EQUITY AT BEGINNING OF PERIOD	105 174 857	27 846 472	27 846 472
Issuance of shares for cash, in repayment of debt and purchase of subsidiary and affilates	-	17 924 350	77 778 699
Fair value movement in available for sale investments	1 296 132	125 702	125 702
Share compensation expense	661 928	6 632	(66 777)
Non-controlling interests	2 218	(55 415)	(113 137)
Exchange difference arising from prior year adjustment	31 388	-	-
Change in value of derivative assets	-	-	(2 703 454)
Exchange differences on translation of foreign operations	(1 834 636)	(202 949)	(199 850)
Net results	(2 707 377)	1 194 535	2 507 202
EQUITY AT END OF PERIOD	102 624 510	46 839 327	105 174 857

GAMING INNOVATION GROUP INC.

CONDENSED STATEMENTS OF CASH FLOWS

EUR - UNAUDITED	Q2 2017	Q2 2016	1H 2017	1H 2016	2016
CASH FLOWS FROM OPERATING ACTIVITIES:					
Results before income taxes	-226 485	159 892	-2 678 635	1 197 532	2 757 907
Adjustments to reconcile profit before tax to net cash flow:					
Tax expense	-16 516	-58 412	-26 524	-58 412	-363 842
Depreciation and amortization	2 152 383	700 131	3 391 815	1 055 093	3 046 246
Unrealized gain (loss) on derivative assets	-	123 928	-	-1 497 789	-1 337 674
Other adjustments for non-cash items and changes in operating assets and liabilities	1 144 536	45 748	8 528 897	-1 328 567	-1 881 354
NET CASH PROVIDED BY OPERATING ACTIVITIES	3 053 918	971 287	9 215 553	-632 143	2 221 283
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cash acquired on acquisition of a subsidiary	-	-	-	-	1 454 670
Purchases of intangible assets	-1 548 769	-	-2 791 906	-	-1 195 965
Purchases of property, plant and equipment	-305 056	-149 540	-1 012 977	-174 522	-464 260
Purchase of affiliates	-20 660 855	-3 910 792	-20 660 855	-3 910 792	-4 855 196
Cash flow from other investing activities	-	-74 315	-	-122 540	-
NET CASH USED BY INVESTING ACTIVITIES	-22 514 680	-4 134 647	-24 465 738	-4 207 854	-5 060 751
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from Issuance of shares	-	69 392	-	4 557 084	4 557 084
Proceeds from bond issue	-	-	41 016 328	-	-
Proceeds from loans	-	2 144 113	-	3 734 045	6 418 959
Repayment of loans	-5 967 094	-97 867	-6 067 915	-2 129 258	-3 923 810
Cash flow from other investing activities	-	-	-	-241 404	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	-5 967 094	2 115 638	34 948 413	5 920 467	7 052 233
Translation loss	-1 987 384	-167 119	-1 834 636	-202 949	-199 850
Fair value movements	1 297 865	-	1 296 132	125 702	-69 459
NET INCREASE (DECREASE) IN CASH	-26 117 375	-1 214 841	19 159 724	1 003 223	3 943 456
Cash and cash equivalents - beginning	51 312 276	4 309 786	6 035 177	2 091 721	2 091 721
CASH AND CASH EQUIVALENTS - END	25 194 901	3 094 945	25 194 901	3 094 944	6 035 177

GAMING INNOVATION GROUP INC.

SELECTED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDING 30 JUNE 2017 AND 2016

1. GENERAL INFORMATION

Gaming Innovation Group Inc. ("GIG" or the "Company") is a US corporation incorporated in the state of Delaware and traded on the Oslo Stock Exchange with the ticker symbol "GIG". 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.

The condensed consolidated financial statements of the Company as at and for the periods ended 30 June 2017 and 2016 are comprised of Limited, and its accounting basis subsidiaries: GIG, Candid Gaming Ltd ("Candid") and Gridmanager Ltd ("Grid") (corporations registered in Malta), 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. BASIS OF PRESENTATION

The condensed consolidated interim financial statements have been prepared in conformity with IAS 34 and do not include all of the information required for full annual financial statements. The condensed consolidated interim financial statements for the periods ended 30 June 2017 and 2016 have not been audited by the Company's auditors.

These unaudited interim condensed financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The condensed consolidated financial statements report the six months of 2017 and the full year of operations of 2016 of Gaming Innovation Group Inc. and subsidiaries, Oddsmodel from May 2016, 100% of activities of IGC from September 2016 (previously owned 90%) and four months of activities of Betit from September 2016.

The Company's condensed 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 stockholders' equity (deficit) and reflected as other comprehensive income (loss) on the condensed consolidated statement of comprehensive income (loss).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING POLICIES

The accounting policies adopted and used in preparing the condensed consolidated financial statements as of and for the years ended 30 June 2017 and 2016 are consistent with those used in preparing the Company's consolidated financial statements as of and for the year ended 31 December 2016.

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 that are not deemed to be financial instruments, where 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 and Casino.

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.

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.

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.

4. SEGMENT INFORMATION

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. Previous periods have been restated accordingly. Segment information relating to balance sheet and geographical sales will be disclosed annually in the annual report.

Q2 2017 (EUR 1000)	B2C	B2B	ELIMINATIONS	TOTAL
REVENUE	20,181	8,540	-2,142	26,579
COST OF SALES	5,798	216	-1,334	4.680
MARKETING COST	11,562	351	-800	11,113
EBITDA	-1,936	3,876	-10	1,930
EBIT	-1,891	1,679	-10	-222

Q2 2016 (EUR 1000)	B2C	B2B	ELIMINATION	TOTAL
REVENUE	6,449	4,099	-857	9,691
COST OF SALES	2,017	-	-573	1,444
MARKETING COST	3,748	134	-284	3,598
EBITDA	-1,399	2,357	-	958
EBIT	-1,480	1,738	-	258

1H 2017 (EUR 1000)	B2C	B2B	ELIMINATIONS	TOTAL
REVENUE	38,674	14,831	-3,852	49,653
COST OF SALES	11,383	273	-2,610	9,046
MARKETING COST	22,685	594	-1,236	22,043
EBITDA	-4,613	6,207	-14	1,580
EBIT	-4,781	2,983	-14	-1,812

1H 2016 (EUR 1000)	B2C	B2B	ELIMINATION	TOTAL
REVENUE	13,113	6,212	-1,748	17,577
COST OF SALES	4,092	-	-1,354	2,738
MARKETING COST	7,116	214	-393	6,937
EBITDA	-2,067	2,953	-	886
EBIT	-2,206	2,037	-	-169

2016 (EUR 1000)	B2C	B2B	ELIMINATIONS	TOTAL
REVENUE	42,397	15,613	-4,405	53,605
COST OF SALES	12,146	293	-3,154	9,285
MARKETING COST	19,795	549	-1,250	19,094
EBITDA	-1,126	6,942	-	5,816
EBIT	-1,688	4,458	-	2,770

5. 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. For the period ended 30 June 2017, the Company had 18,285,000 options outstanding.

6. CHANGES IN EQUITY

Pursuant to the reverse merger agreement 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. 47,900,000 shares were issued in May 2016 based on the 2015 results and the balance of 77,100,000 shares were issued in June 2017 based on the 2016 results.

895,656,266 shares (par value USD 0.10) were outstanding as of 30 June 2017, whereof the Company owned 7,865,000 treasury shares.

7. LOANS PAYABLE SHAREHOLDERS

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, that was increased to NOK 19,200,000 in July 2016. These two loan facilities were repaid in April 2017.

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

Short-term loans outstanding balances at 30 June 2017 and 2016 were EUR 0 and EUR 3,581,472, respectively with accrued interest of EUR 0 and EUR 69,775 respectively. Long term loans outstanding balances at 30 June 2017 and 2016 were EUR 0 and EUR 1,596,125, respectively with accrued interest of EUR 0 and EUR 11,150, respectively.

8. SENIOR SECURED BOND

In March 2017, GIG issued a SEK 400 million senior secured bond in the Nordic bond market, with a SEK 1,250 million borrowing limit and fixed interest of 7% per annum and maturity in March 2020. 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. The bond was drawn on 6 March 2017, and the outstanding balance at 30 June 2017 was EUR 41,404,754 with accrued interest of EUR 1,018,754. The bonds are registered in the Norway Central Securities Depository and listed on the Oslo Stock Exchange.

9. ACQUISITIONS

In February 2017, the Company agreed to purchase affiliate assets for a total consideration of USD 3,700,000 (EUR 3,460,855). The acquisition was finalized in April 2017 and was paid with proceeds from the senior secured bond. The consideration paid has been allocated with EUR 980,368 to domains/SEO and the balance, EUR 2,480,487 to affiliate contracts..

In March 2017, the Company entered into an agreement to purchase affiliate website Casinotopsonline.com including all related assets for a consideration of EUR 11.5 million. The acquisition was finalized in April 2017 and was paid with proceeds from the senior secured bond. The consideration paid has been allocated with EUR 2,392,146 to domains/SEO and the balance, EUR 9,107,854 to affiliate contracts.

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

Domains/SEO are amortized over an expected life of 8 years, and affiliate contracts are amortized over an expected life of 3 years. The allocation of the considerations paid for the affiliate acquisitions above are subject to further review.

10. RELATED PARTY TRANSACTIONS

There were no other material related parties' transactions in the second quarter of 2017 and the six months ended 30 June 2017 than reported above in Note 7.

11. SUBSEQUENT EVENTS

In July 2017, the Company entered into an agreement to purchase affiliate assets from STK Marketing Ltd. for the amount of NOK 240 million. The transaction has been closed as of 1 August 2017. The acquisition will be settled primarily with proceeds from the senior secured bond. The first half of the settlement was paid at closing and the remainder will be paid in December 2017.

There have been no other material subsequent events after 30 June 2017.

12. ALTERNATIVE PERFORMANCE MEASURES

Certain financial measures and ratios related thereto in this interim report are not specifically defined under IFRS or any other generally accepted accounting principles. These measures are presented in this report because they are among the measures used by management and they are frequently used by other interested parties for valuation purposes. In addition, the Company provides information on certain costs in the income statement, as these are deemed to be significant from an industry perspective.

Gross profit: Operating revenue less cost of sales

Gross margin: Gross margin in percent of revenues

EBIT: Operating profit

EBITDA: Operating profit + depreciation and amortization

Interest bearing debt: Other long-term debt and short-term borrowings

Active customers: A customer having played with money deposited or with winnings from free spins or bonuses during the three month period

Deposits: Money deposited in the customer accounts

First Time Depositor (FTD): A first time depositor is a person who places, wagers or deposits an amount of money for the very first time.

GAMING INNOVATION GROUP LIMITED

Gaming Innovation Group Limited has issued a SEK 400 million senior secured bond with a SEK 1,250 million borrowing limit. The bond issue has a fixed coupon of 7.0% p.a. with maturity in March 2020. The bond is listed on the Oslo Stock Exchange with ISIN NO0010787120. As per the bond terms, the interim condensed consolidated accounts for the issuer for the second quarter 2017 are stated below. Please refer to the selected notes to condensed consolidated financial statements for the parent Gaming Innovation Group Inc. for more information.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

EUR - UNAUDITED

	Q2 2017	Q2 2016	1H 2017	1H 2016	2016
Revenues	26 578 726	9 691 104	49 653 025	17 577 079	53 604 995
Cost of sales	4 679 556	1 443 814	9 046 148	2 738 068	9 284 807
Gross profit	21 899 170	8 247 290	40 606 877	14 839 011	44 320 188
Operating expenses					
Marketing expenses	11 113 298	3 598 274	22 043 340	6 937 022	19 101 812
Other operating expenses	8 495 399	3 448 819	16 339 146	6 714 999	18 294 074
Total operating expenses	19 608 697	7 047 093	38 382 486	13 652 021	37 395 886
EBITDA	2 290 473	1 200 197	2 224 391	1 186 990	6 924 302
Depreciation & amortization	2 143 286	690 572	3 373 089	1 035 974	3 008 006
EBIT	147 187	509 625	-1 148 698	151 016	3 916 296
Other income (expense)	-692 426	45 809	-1 348 655	28 674	-1 094 697
Unrealized gain on derivative asset	-	-123 928	-	1 497 789	1 337 676
Result before income taxes	-545 239	431 506	-2 497 353	1 677 479	4 159 275
Tax income/(expense)	-16 516	-58 412	-26 524	-58 412	-363 842
Net results	-561 755	373 094	-2 523 877	1 619 067	3 795 433
Exchange differences on translation of foreign operations	-783 120	-	-614 412	-	202 052
Fair value movement in available for sale investment	1 297 865	-	1 296 132	125 702	-69 459
Total comprehensive income (loss)	-47 010	373 094	-1 842 157	1 744 769	3 928 026
Total comprehensive income (loss) attributable to:					
Owners of the Company	-49 892	386 108	-1 844 375	1 800 184	4 041 163
Non-controlling interests	2 882	-13 014	2 218	-55 415	-113 137
Total comprehensive income (loss)	-47 010	373 094	-1 842 157	1 744 769	3 928 026

GAMING INNOVATION GROUP LIMITED

CONDENSED STATEMENTS OF FINANCIAL POSITION

EUR - UNAUDITED	30 JUN 2017	30 JUN 2016	31 DEC 2016
ASSETS			
NON-CURRENT ASSETS:			
Goodwill	47 987 184	14 974 319	48 267 219
Intangible assets	55 013 098	7 124 384	34 722 407
Deposits and other non-current assets	5 163 815	1 598 719	2 431 324
Total non-current assets	108 164 097	23 697 422	85 420 950
CURRENT ASSETS:			
Prepaid and other current assets	-	-	-
Derivative assets	-	2 863 567	-
Trade and other receivables	13 693 186	6 948 563	12 532 193
Cash and cash equivalents	12 829 605	3 074 648	5 828 151
Total current assets	26 522 791	12 886 778	18 360 344
TOTAL ASSETS	134 686 888	36 584 200	103 781 294
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY:			
Share capital	52 400	4 068	4 068
Share premium/reserves	-5 405 103	8 767 932	-6 618 140
Retained earnings (deficit)	-3 117 641	-1 516 248	-753 546
Total equity attributable to GIG Inc.	-8 470 344	7 255 752	-7 367 618
Non-controlling interests	8 174	-158 383	5 957
TOTAL SHAREHOLDERS' EQUITY	-8 462 170	7 097 369	-7 361 661
LIABILITIES:			
Trade payables and accrued expenses	24 486 502	6 574 556	14 807 368
Inter-co GIG Inc.	76 556 719	22 912 275	96 335 587
TOTAL CURRENT LIABILITIES	101 043 221	29 486 831	111 142 955
Long term liabilities	42 105 837	-	-
TOTAL LIABILITIES	143 149 058	29 486 831	111 142 955
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	134 686 888	36 584 200	103 781 294

CONDENSED STATEMENTS OF CHANGES IN EQUITY:			
EQUITY AT BEGINNING OF PERIOD	-7 361 661	7 007 366	7 007 366
Transfer of subsidiaries	-	-1 472 292	-1 472 292
Acquisition of NCI			-14 500 094
Issue of share capital	48 332	-	-
Fair value movement in available for sale investments	1 296 132	-27 664	-69 459
Share compensation expense	661 928	-29 108	378 787
Non-controlling interests	2 218	-13 014	-113 137
Exchange difference arising from prior year adjustment	31 388	-	-
Change in value of derivatives	-		-2 703 454
Exchange differences on translation of foreign operations	-614 412	-	202 052
Net results	-2 526 095	1 632 081	3 908 570
EQUITY AT END OF PERIOD	8 462 170	33 324 831	105 174 857

GAMING INNOVATION GROUP LIMITED

CONDENSED STATEMENTS OF CASH FLOWS

EUR - UNAUDITED	Q2 2017	Q2 2016	1H 2017	1H 2016	2016
CASH FLOWS FROM OPERATING ACTIVITIES:					
Results before income taxes	-545 239	431 506	-2 497 353	1 677 479	4 159 275
Adjustments to reconcile profit before tax to net cash flow:					
Tax expense	-16 516	-58 412	-26 524	-58 412	-363 842
Depreciation and amortization	2 143 286	690 572	3 373 089	1 035 974	3 008 006
Unrealized gain (loss) on derivative assets	-	123 928	-	-1 497 789	-1 337 676
Other adjustments for non-cash items and changes in operating assets and liabilities	1 396 246	-236 916	9 678 091	-1 202 955	-813 997
NET CASH PROVIDED BY OPERATING ACTIVITIES	2 977 777	950 678	10 527 303	-45 703	4 651 766
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cash acquired on acquisition of a subsidiary	-	50 807	-	50 807	1 454 477
Purchases of intangible assets	-1 248 769	-125 122	-2 491 906	-173 347	-1 712 374
Purchases of property, plant and equipment	-305 056	-149 550	-1 012 977	-174 532	-464 256
Purchase of affiliates	-	-	-	-	-
Cash flow from other investing activities	-	-	-	-	-
NET CASH USED BY INVESTING ACTIVITIES	-1 553 825	-223 865	-3 504 883	-297 072	-722 153
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from Issuance of shares	-	-	-	-	-
Proceeds from bond issue	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Repayment of loans	493 757	350 000	-751 018	1 200 000	-253 664
Cash flow from other investing activities	-	-	48 332	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	493 757	350 000	-702 686	1 200 000	-253 664
Translation loss	-783 120	-	-614 412	-	202 052
Fair value movements	1 297 865	-	1 296 132	125 702	-69 459
NET INCREASE (DECREASE) IN CASH	2 432 454	1 076 813	7 001 454	982 927	3 808 542
Cash and cash equivalents - beginning	10 397 151	1 997 835	5 828 151	2 091 721	2 019 609
CASH AND CASH EQUIVALENTS - END	12 829 605	3 074 648	12 829 605	3 074 648	5 828 151

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