

GiG

Q3 2019



6 November 2019



Today's presenter

Richard Brown

CEO

10+ Years in Online Gambling Industry

Joined GiG in February 2017 as Managing Director for GiG Media Services

Group COO from September 2018

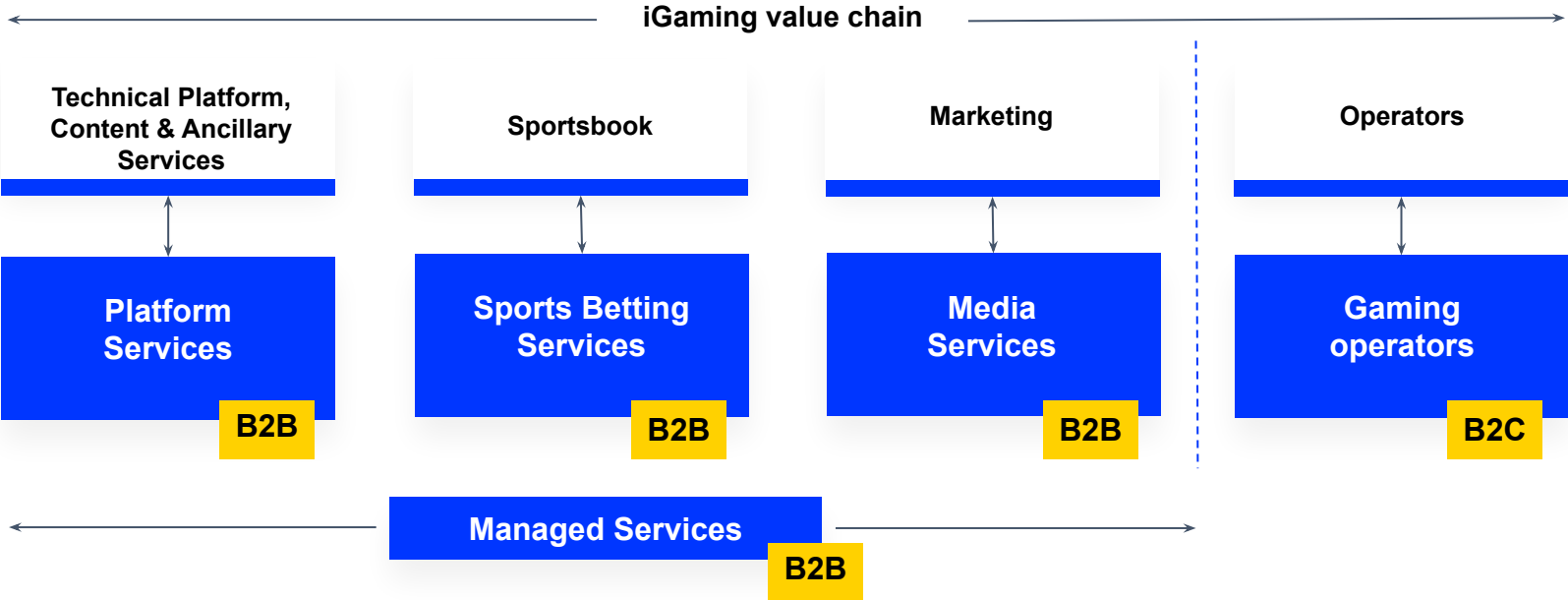
“Honored to lead the company and truly excited about the future potential of the Group”

Outline

- Business Overview & Key Takeaways
- Q3 Financial Results
- Strategic & Business Update
- Action Points & Summary
- Q/A

iGaming solutions based on innovative technology

Products and services throughout the entire iGaming value chain



GiG in brief



650+

Employees



€70m Approx.

Market cap



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



Dual-listed
on Oslo Børs and at
Nasdaq Stockholm



Licences in Malta, UK,
New Jersey, Sweden,
Germany S-H, Spain,
and Romania



4 own brands and
34 customers
on the platform

Key Takeaways Q3 2019

Positive underlying business position and drivers despite challenging market conditions

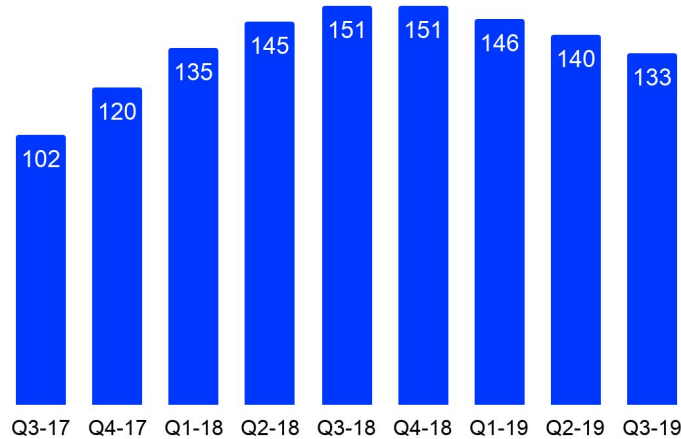
- Launched casino solution with new long-term partner SkyCity Entertainment Group
- Extended partnership with Hard Rock Intl. with launch of sports betting in the US state of Iowa
- Highroller.com sale completed to affiliate and operator Ellmount Gaming Ltd. for €7m, who will become a B2B customer and continue to operate Highroller on GiG's platform.
- Strengthened cash flow by closing GiG's proprietary game studio
- Granted online gambling licences in Spain and a Class II licence in Romania for affiliation services
- Strong underlying KPIs in Rizk development



Head figures **development**

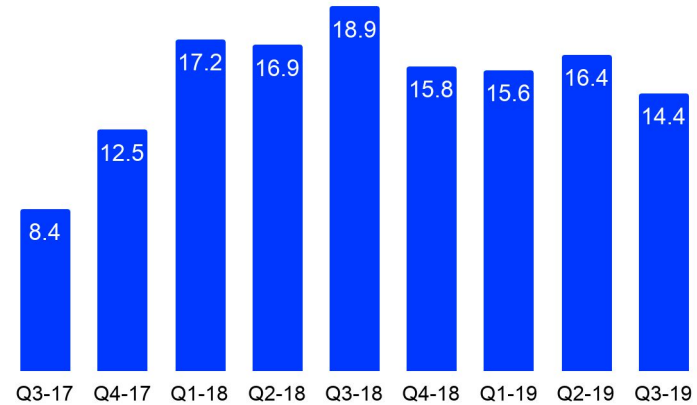
12 months rolling revenues EUR million

Revenues LTM (MEUR)



12 months rolling EBITDA EUR million

EBITDA LTM (MEUR)



Q3 Financials

€30.2m

Revenues
-19% Y/Y

€6.7m

Cost of sales
+5% Y/Y

€7.1m

Marketing
-33% Y/Y

€13.7m

Other opex
-10% Y/Y

€2.7m

EBITDA
-46% Y/Y

Strategic & Operational Update

Strategic review & long term value creation

- Strategic review initiated and advisors appointed
- Objectives of the Review
 - Identify value-creating opportunities
 - Reduce complexity
 - Improve efficiency
 - Strengthen strategic positioning
 - Drive execution ability in all areas
- Enabling the Company to reach its full potential

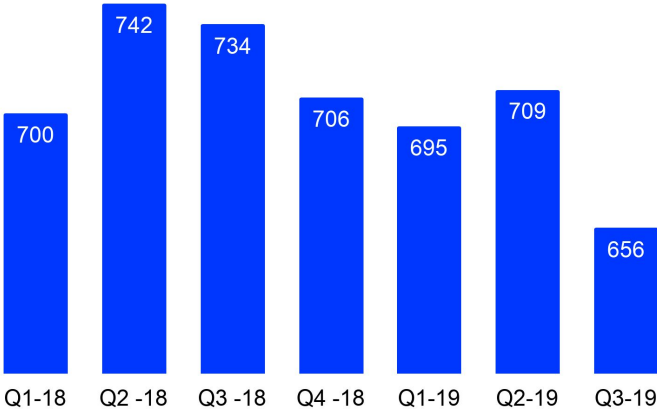
Cost savings & initiatives

Actions taken over the last year have led to a YTD reduction in reported other operating expenses of €5.2m

Initiatives:

- Strengthened cash flow by appr. €250K per month from November by halting investments in GiG Games
- A new tech infrastructure model initiated - will generate yearly cost savings of approximately €3.5m from 2021, with positive effect from 2020
- Lower levels of capex and decommissioning of legacy software
- Further optimisation and change of channel marketing mix
- Further increased efficiency across the organisation to lead to additional cost savings

Headcount – end of quarter



Business Update

Gaming operators (B2C)

Repositioning from multi-brand strategy in 2018 yielding positive results

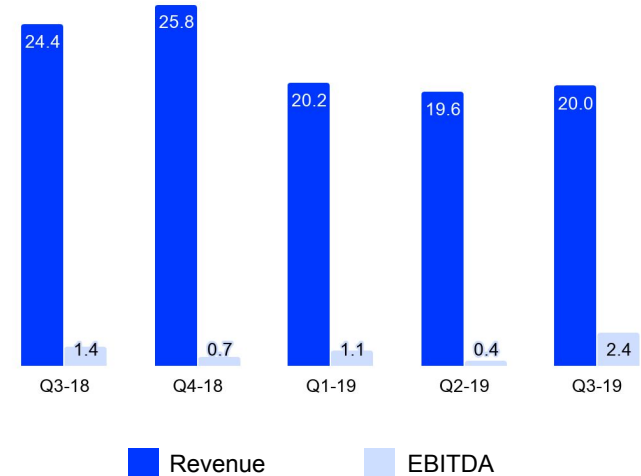
- EBITDA reached an all-time-high of €2.4m despite the continued market challenges in Sweden affecting revenues
- Rizk was the main growth driver and represented 75% of B2C revenues with a YoY growth of 2% and an EBITDA margin of 17.3%
- Marketing costs reduced by 10.5% YoY, represented 24% (29%) of the B2C revenue

Healthy margins and earnings quality to be achieved through

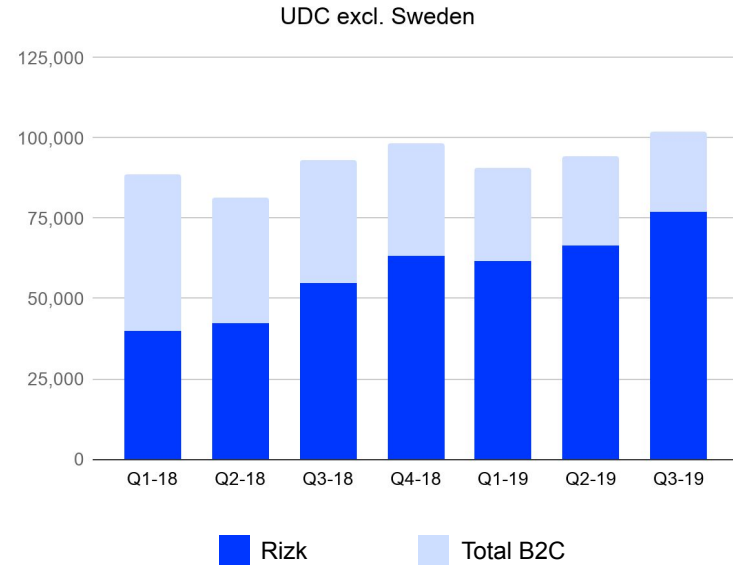
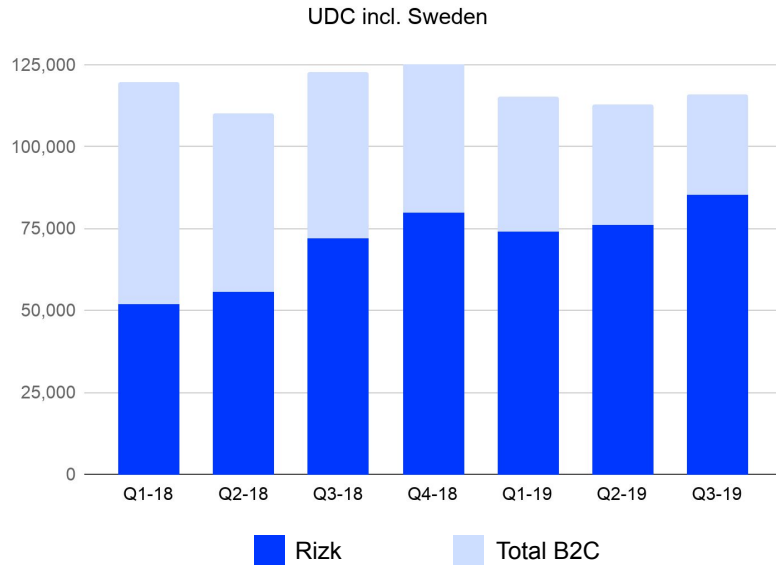
- Expansion in less mature and high-potential markets such as Spain, Croatia and other emerging markets
- Key focus on a sustainability model for regulated markets by focusing on player safety and UX



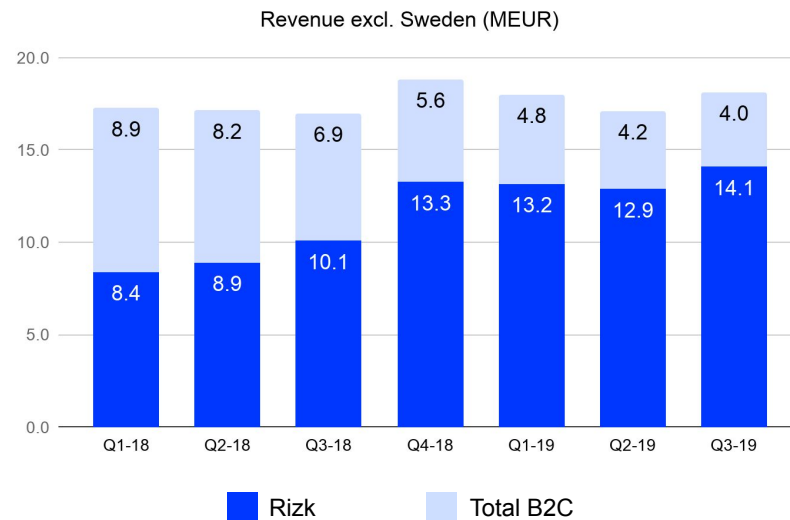
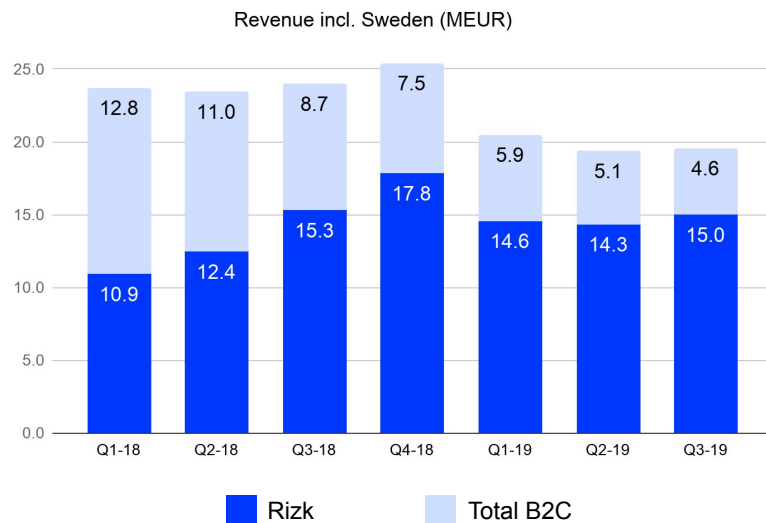
EUR million
GiG Gaming - Revenue & EBITDA (MEUR)



B2C Swedish market split of Unique Depositing Customers



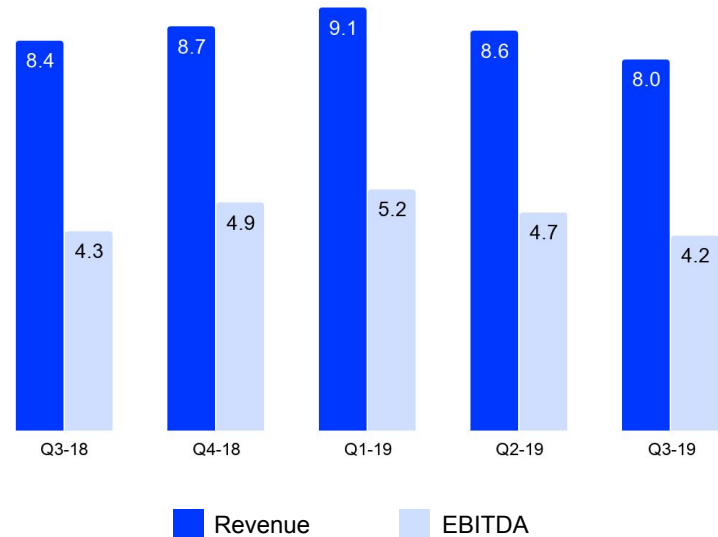
B2C Revenue split in the Swedish market



Media services (B2B)

- Revenues temporarily impacted by declining player values mainly in Sweden and Norway and lower Google rankings in mature markets, this is expected to revert to previous high rankings and growth in new markets
- Underlying growth in new markets - a revenue decline of 23% YoY from Sweden offset by growth in new markets
- FTDs from new markets/projects increased by 49% QoQ to appr. 15% of total FTDs
- US: GiG has launched in New Jersey and Pennsylvania with its affiliate sports betting site wsn.com and is positioning itself to enter other states as they regulate with further investment

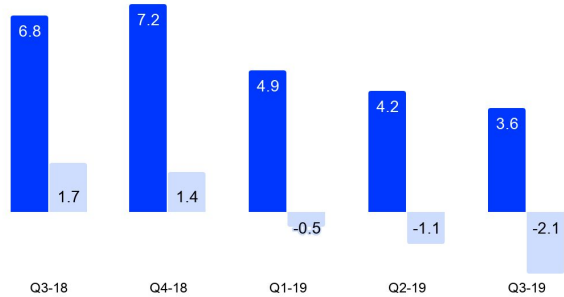
EUR million
Media Services & EBITDA (MEUR)



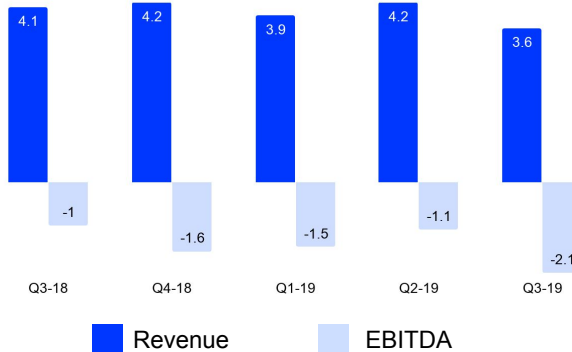
Platform services (B2B) Transition to SaaS from White Label model

- Revenues declined mainly due to the termination of a major customer in 2018 impacting YoY revenues by €2.7m together with the impact from the Swedish market affecting white label customers
- Investment initiated into sales capacity to target a growing addressable and more complex land-based to online market
- EBITDA further impacted by development costs for build up for managed services offering
- To reduce burn rate and increase focus on core offering GiG Games was closed down during Q3
- 34 brands are operating on the platform with 3 in the integration pipeline

EUR million
Platform Services - Revenue & EBITDA (MEUR)



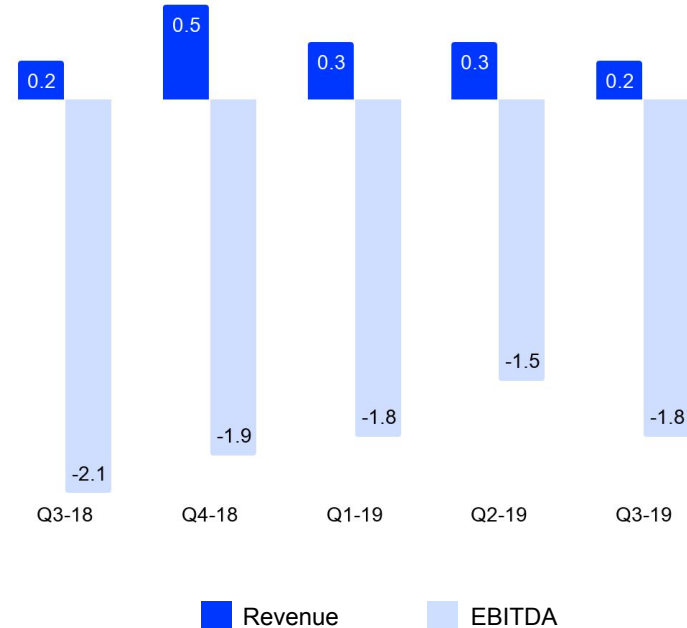
EUR million
Platform Services - Adjusted for terminated customer Revenue & EBITDA (MEUR)



Sports betting services (B2B)

- New leadership group in sportsbook with definite target to breakeven (incl. contribution from B2C NGR) in H1 2020 driven by the Guts brand
- Focused market approach, initially on smaller markets where GiG has specific expertise such as in Norway and Finland
- Quarterly increase in B2C actives and turnover by 25% and 22% respectively
- Key priority of development is to build a standout pricing model
- Launch of sportsbook in second US state with HardRock (Iowa)
- 4 external customers live with GiG's Sports Betting Services and 2 internal brands

EUR million
Sports Betting Services - Revenue & EBITDA (MEUR)



Action Points & Summary

Main Action Points Matrix

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

Summary



- **A global position with positive underlying KPIs**
- **The industry is adjusting and adapting to a new reality. GiG is coming to the end of its investment period and is focusing on execution, performance and to reduce complexity**
- **Well positioned in all business areas to capitalise on the transition from land-based to online gambling and full focus now sits on driving shareholder value**

Q/A

Appendix

Largest shareholders 30 September 2019

GAMING INNOVATION GROUP INC.

1	8,300,000	9.2 %	Swedbank Robur Ny Teknik
2	6,446,427	7.2 %	Super Innovative Ltd.
3	5,150,687	5.7 %	Andre Lavold
4	4,696,125	5.2 %	Henrik Persson Ek Dahl
5	4,360,445	4.8 %	Hans Mikael Hansen
6	4,215,022	4.7 %	Myrlid AS
7	3,880,999	4.3 %	Morten Hillestad Holding AS
8	3,638,266	4.0 %	Frode Fagerli
9	2,478,585	2.8 %	Stenshagen Invest AS
10	2,093,639	2.3 %	Saxo Bank A/S nom.
11	2,009,437	2.2 %	PG JR AS
12	1,882,146	2.1 %	Ben Clemes
13	1,752,467	1.9 %	CMM Invest I AS
14	1,653,571	1.8 %	Anders Berntsen
15	1,602,213	1.8 %	Digeelva Invest I AS
16	1,500,000	1.7 %	Fondita Nordic Micro Cap
17	1,400,000	1.6 %	G.F. Invest AS
18	1,342,136	1.5 %	Mikael Riese Harstad
19	1,077,625	1.2 %	Skandinaviska Enskilda Banken LUX nom.
20	1,000,000	1.1 %	Symmetry Invest A/S
Top 20	60,479,790	67.2 %	
Other	29,525,836	32.8 %	
TOTAL	90,005,626	100.0 %	

Income statement

Q3 2019 - Quarterly Results

Condensed Statements of Operations in EUR 1 000
(Unaudited)

	Q3 2019	Q3 2018	9M 2019	9M 2018	2018
Revenues	30 226	37 283	93 621	111 507	151 372
Cost of sales	6 672	6 348	19 693	19 562	27 358
Gross profit	23 554	30 935	73 928	91 945	124 014
Gross profit margin	78%	83%	79%	82%	82%
Marketing expenses	7 103	10 635	24 595	35 654	47 247
One-off expenses	-	-	-	-	2 619
Other operating expenses	13 730	15 252	40 020	45 248	58 066
Total operating expenses	20 833	25 887	64 415	80 902	107 932
EBITDA	2 721	5 048	9 313	11 043	16 082
Depreciation & amortization	6 550	4 969	19 626	14 559	19 973
Impairment of intangibles	2 911	-	2 911	-	13 726
EBIT	-6 740	79	-13 224	-3 516	-17 617
Financial income (expense)	-1 496	-2 502	-3 790	-2 149	-4 210
Other income (expense)	-9	-50	-42	-194	-113
Result before income taxes	-8 245	-2 473	-17 056	-5 859	-21 940
Income tax refund (expense)	-105	-144	-302	-324	-815
Net result	-8 350	-2 617	-17 358	-6 183	-22 755
Marketing in % of revenue:	24%	29%	26%	32%	31%
Other operating in % of revenue:	45%	41%	43%	41%	38%
EBITDA in % of revenue:	9%	14%	10%	10%	11%

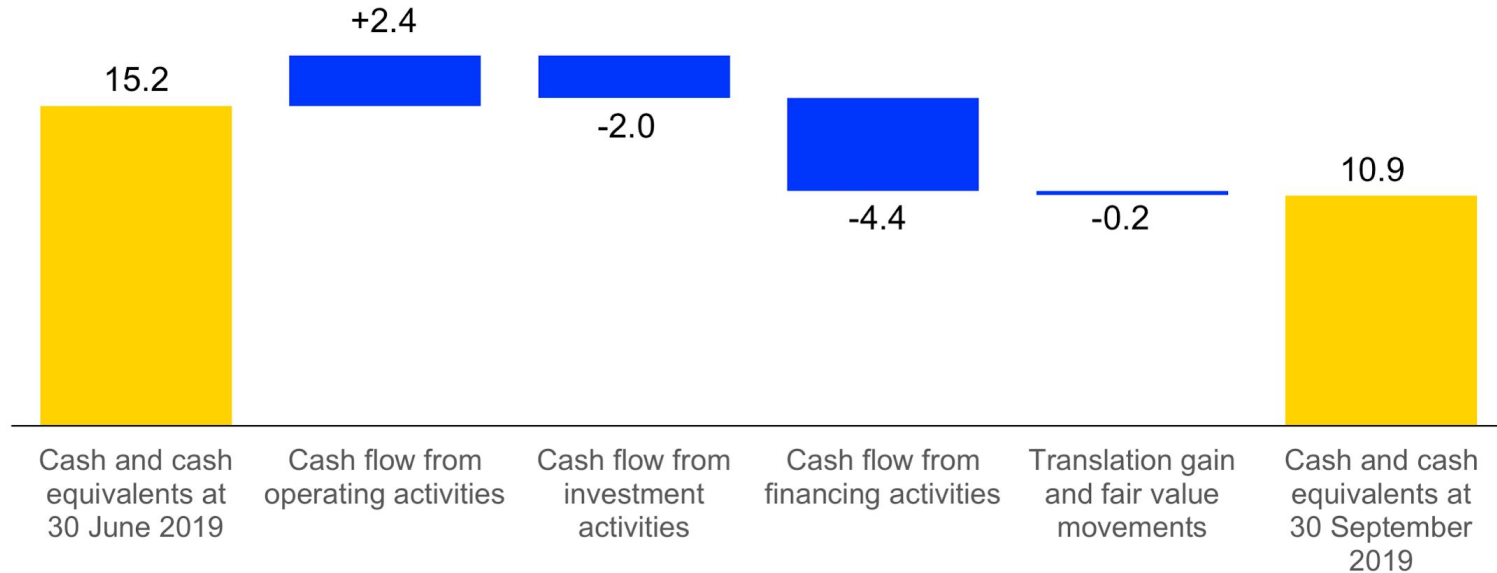
Cash flow

In EUR 1 000	Q3 2019	Q3 2018	9M 2019	9M 2018	2018
Cash flow from operating activities	2 351	422	10 339	10 680	12 484
Cash flow from investment activities	-2 027	-2 618	-9 676	-9 176	-12 386
Cash flow from financing activities	-4 424	-	-4 148	-	2 374
Translation (loss)/gain	-178	48	-258	290	133
Fair value movements	26	-3	18	-	-15
Net change in cash and cash equivalents	-4 252	-2 151	-3 725	1 794	2 590
Cash and cash equivalents at start of period	15 196	16 024	14 669	12 079	12,079
Cash and cash equivalents at end of period	10 944	13 873	10 944	13 873	14 669

Balance sheet

Condensed Balance Sheet in EUR 1 000 (Unaudited)	30 September 2019	30 September 2018	31 Dec 2018
Assets			
Goodwill	69 396	69 681	69 570
Intangibles assets	57 084	85 580	69 253
Deposits and other non-current assets	22 265	8 385	8 061
Total non-current assets	148 745	163 646	146 884
Prepaid and other current assets	24	25	5
Trade and other receivables	20 442	20 305	28 473
Cash and cash equivalents	10 944	13 873	14 669
Total current assets	31 410	34 203	43 147
Total assets	180 155	197 849	190 031
Liabilities and shareholders' equity			
Total shareholders' equity	69 530	104 192	88 072
Trade payables and accrued expenses	32 606	28 686	34 204
Short term loans	-	-	617
Bond payable	31 462	-	-
Total current liabilities	64 068	28 686	34 821
Bond payable	33 277	62 684	64 230
Deferred tax liability	1 135	1 230	955
Other long term liabilities	12 145	1 057	1 953
Total long term liabilities	46 557	64 971	67 138
Total liabilities	110 625	93 657	101 959
Total liabilities and shareholders' equity	180 155	197 849	190 031

Cash position



Bond structure & loans

Gaming Innovation Group Plc. issued a new SEK400 million senior secured bond with a SEK1,000 million borrowing limit on 28 June 2019. The bond matures in June 2022 and will be listed on Nasdaq Stockholm in H2 2019.

SEK350 million of the new bond issued in June, was used to refinance part of the existing GIGLTD01 bond, reducing the amount to SEK300 million. The balance was used to pay down the parent company's working capital facility and short term loans. This bond will be listed at Nasdaq Stockholm during November 2019.

ABG Sundal Collier and Pareto Securities appointed to facilitate the remaining SEK300m to refinance the 2017 bond.

As at 30 September 2019, net interest bearing debt was EUR 53.8 million.

Sustainability

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

Initiatives in Q3 2019:

- Continued to shift away B2B from the White Label model in B2B
- Improved transaction monitoring and AML controls where cutting edge technology is being introduced to facilitate ID validation, facial biometrics and address proofing
- Knowledge of the iGaming industry is used to support research projects. Recent collaboration with Bournemouth University, where GiG has participated in working on the GamInnovate project: *'Participatory Design of Interactive Persuasive Gambling Awareness: Enabling Gambler-Centered Innovation'*. (Sponsored by the National Center for Responsible Gaming, US)



Legal disclaimer

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