Gaming Innovation Group

Q2 2019
Interim Report

iGaming solutions based on innovative technology

GiG

14 August 2019

CONTENTS

GAMING INNOVATION GROUP INC.

Q2 2019 Interim Report

Financial Highlights

- Revenues for Q2 2019 were €31.0m (€36.9m in Q2 2018), a 16% decline mainly impacted by the Swedish market and termination of a customer contract in Q4 -18 affecting YoY comparison by €4.8m (29%) and €2.2m respectively
- EBITDA was €2.5m (1.7) in Q2 2019, a 49% increase
- Revenues for the B2B segment in Q2 2019 were €13.1m (15.6), a 16% decline. EBITDA was €2.1m (4.4)
- Revenues in the B2B Media Services were €8.6m (8.7) in Q2 2019, EBITDA was €4.7m (4.7), with Paid Media reaching all-time-high with a positive trend
- Revenues for the B2C segment in Q2 2019 of €19.6m (24.2), with a positive EBITDA of €0.4m (-2.8)
- Rizk represented 73% of B2C revenues in Gaming Operators with a YoY growth of 17% and an EBITDA of €1.5 (-0.9) million.
- Other operating expenses were reduced by 2% in Q2 2019 QoQ
- Cash flow from operations in Q2 2019 was €3.2m (8.2) and cash used on investing activities was €3.5 (3.1) million.

Operational Highlights in Q2

- GiG partnered with New Zealand's largest entertainment company SkyCity Entertainment Group on 21 May for the provision of a turnkey, fully managed online casino solution including an online gambling licence for end users in New Zealand, launch date was 8 August
- One new brand was signed to Platform Services in Q2 2019, two customers were launched in April with an additional three brands in the pipeline for launch. The total number of brands on the platform is 35
- Rizk launched a dedicated and branded live casino studio on 11 June, powered by Evolution Gaming
- Rizk was launched in India and throughout Q3 we are expecting revenues to grow as operations are settling
- A new SEK400m senior bond was issued on 14 June with a SEK1,000m borrowing limit, refinancing part of the existing bond and credit facilities

Events after Q2

- The GiG was granted two licences in Spain, permitting the Company to offer B2C online casino and sports betting in the Spanish market.
- GiG was granted a Class II licence in Romania. This will allow GiG's Media Services to enter the regulated Romanian market with affiliate marketing.
- On 8 August, GiG launched a turnkey casino solution in New Zealand with its new long-term partner SkyCity Entertainment Group which went live on 8 August.
- GiG has divested its brand Highroller to affiliate and operator Ellmount Gaming Ltd. for a total price of €7 million. The acquirer will become a B2B customer of GiG and continue to operate Highroller on GiG's platform.

Outlook and guidance

- The Company is expecting both sequential revenue growth and improved bottom line as its global expansion is driving growth in both the B2B and B2C segments in H2. Media is expecting a stable development.
- Growth will be managed with a strong focus on execution and cost control

MEUR	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Revenue	31.0	36.9	63.4	74.2	151.4
Gross profit	24.4	30.5	50.4	61.0	124.0
Marketing expenses	8.9	13.2	17.5	25.0	47.2
Operating expenses	13.0	15.7	26.3	30.0	60.7
EBITDA	2.5	1.7	6.6	6.0	16.1
EBIT	-4.0	-3.2	-6.5	-3.6	-17.6
Net results	-6.1	-4.5	-9.0	-3.6	-22.8
EPS	-0.07	-0.05	-0.10	-0.04	-0.25

LETTER FROM THE CEO

Robin Reed

“Our global expansion will be driving sequential growth in both B2C and B2B in H2 and we will manage that growth with a strong focus on execution"

With the second quarter behind us, the outlook has improved. I am confident that the recent strategic actions we have taken will lead to revenue growth and an improved bottom line in H2.

It has been a quarter with some headwind, primarily due to a tougher Swedish market. Although the €2.5 million EBITDA was an increase of 49% over the year, it was down by 39% over the quarter. Revenues declined by 16% to €31.0 million in the quarter.

We aim for the strategic position of being the partner for strong brands in our industry. We are building out our tech and product to enable the full business potential. The next generation of our Front End, Data and Core platforms have been under development for a long time. Our front end software, named Wand, went live in August, powering our new Tier 1 customer SkyCity. The new Data platform is set for Q4, with Core v2 to follow suit. The next generation of our products will help us to both decrease costs while improving time to market, innovation pacing and service levels.

Our progress in Q1 and Q2 this year puts us in a more robust position to generate and meet demand. We find ourselves with the strongest pipeline of potential customers we have had for the last couple of years. SkyCity Entertainment Group, the largest gaming, entertainment and hospitality group in New Zealand, is now online, powered by our full solution. We are making strides into the coveted compliance space with GIG Comply having been sold to some of the top 10 operators in the world.

We are growing our own operators. Rizk has had a strong track record of profitable growth and is now 73% of our operator business. In Q2, Rizk grew by 17% whilst generating profits of €1.5 million, despite a very low casino margin. We have a strong focus on marketing excellence and our marketing expenses were reduced from €13.2 million to €8.9 million in the same period.

After the quarter, we divested one of our five brands: Highroller. The brand was launched in December 2017 and has returned good KPIs, however we have not scaled Highroller due to the focus on a single casino brand. The acquisition price of €7 million gives us good ROI, improved cash flow and the acquirer will become a new B2B customer.

GiG's B2B Sport Betting Services continued to develop. We decreased our burn rate by approximately €100,000 per month from Q1 and with new and current customers growing and Guts ramping up, we are keeping our target of making Sports a breakeven vertical in GiG within H1 2020.

Our Media division had a stable performance with revenues and EBITDA in Q2 matching the previous two quarters’ all-time-high. This is a strong development as we are absorbing the increased regulatory burden. I am particularly pleased with Paid Media, which had all-time-high revenues in the quarter. Also noteworthy is that we sold our first depositing customer in the US as WSN.com accelerates growth.

In June, we issued a new senior secured bond of SEK400 million with a SEK1,000 million borrowing limit. This will further increase our capacity and flexibility for growth opportunities and strengthen the long-term financing of the business.

With these proactive developments in place, I am inspired as we have entered the second half of the year. We have proven our ability to meet challenging market conditions. The Company has reacted well, reduced costs, whilst still managing to invest and develop the competitiveness of our product, in order to be the B2B partner of choice. The work is bearing fruits as we are now live with our second landbased Tier 1 customer and with a strong potential pipeline. Our global expansion will be driving sequential growth in both B2C and B2B in H2 and we will manage that growth with a strong focus on execution as the Company is heavily focused on improving earnings per share.

SUMMARY AND OUTLOOK

Financial highlights

Consolidated revenues Consolidated revenues in Gaming Innovation Group Inc. (GiG), representing income deriving from revenue share and other fee-based agreements from the B2B operations and Net Gaming Revenue (NGR) from the B2C operation, were €31.0 (36.9) million in the second quarter 2019. The 16% decline is mainly a result of lower revenues in the B2C segment impacted both by the Swedish market and the termination of a B2B customer contract in Q4 -18 affecting YoY comparison by €4.8m and €2.2m respectively. In-house brand Rizk represented 73% of total B2C revenues with a year-on-year growth of 17%.

Gross profit for the Group was €24.4 (30.5) million in the second quarter 2019, a decline of 20%. Gross profit margin for the second quarter 2019 came in at 79% (83%). The lower gross margin is largely a result of increased betting duties.

Marketing expenses were €8.9 (13.2) million in the second quarter 2019, a reduction of 32% supported by a change in mix to reduce above the line marketing and use more efficient marketing channels. Marketing expenses increased as planned by 2% quarter-on-quarter and represented 29% (36%) of total revenues in the second quarter 2019.

Other operating expenses amounted to €13.0 (15.7) million in the second quarter 2019, a reduction by 17% and a 2% decrease quarter-on-quarter. The reduction in operating expenses is a result of cost control initiatives taken in 2018 and a reduction in the average number of employees from 737 in the second quarter 2018 to 709 in the second quarter 2019 with the Company being more streamlined and efficient in its operations. Continued investments into new technology resulted in capitalised salaries of €1.6 (1.3) million.

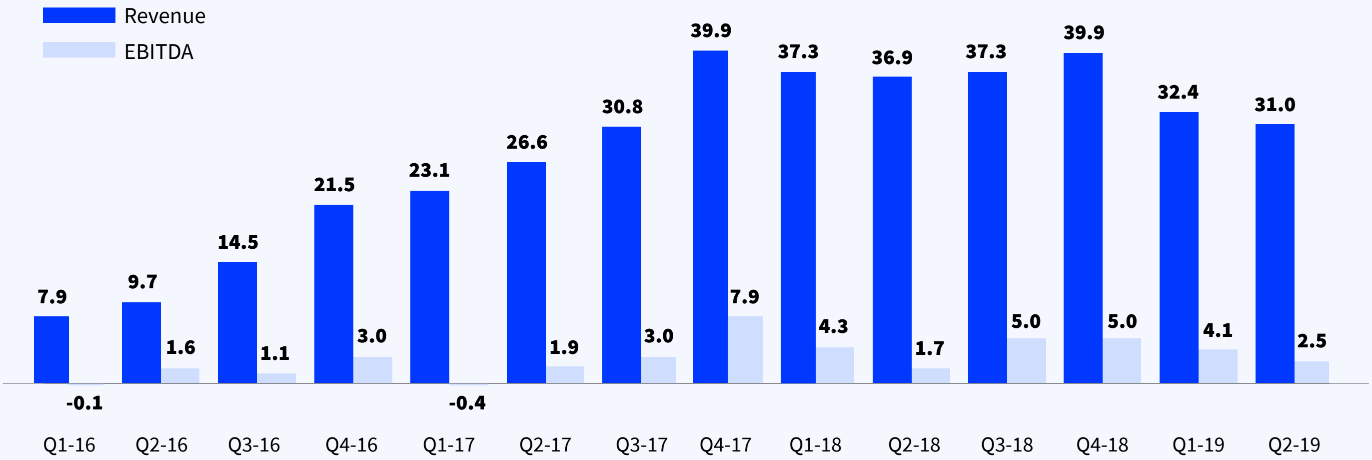
EBITDA was €2.5 (1.7) million, which is an improvement of 49% compared to the same period last year although revenues have declined year-on-year. This is primarily a result of enhanced operational efficiency which has been a key focus of the Group, with lower OPEX and lower marketing levels. The Media services vertical is the largest profit generator in the Group with an EBITDA of €4.7 (4.7) million in the second quarter 2019, a solid year-on-year performance given the comparison with the same period in 2018 which was boosted by the football World Cup.

Depreciation and amortisation amounted to €6.5 (4.9) million in the second quarter 2019, whereof €2.4 (2.4) million relates to amortisation of intangible assets from affiliate acquisitions completed in 2015 - 2017. GiG is amortising acquired affiliate assets conservatively over three years for customer contracts and eight years for domains/SEO which is at a faster pace than industry peers. €2.2 (1.6) million relates to capitalised investments in software development and IT infrastructure technology. Depreciation was €1.1 (0.4) million, whereof €0.6 million relate to right-of-use assets.

Net other income was €-2.0 (-1.0) million in the second quarter 2019 and included €1.2 (1.2) million in interest expense, an early redemption fee of €1.0 on the refinancing of the Company's bond and a net gain of €1.1 million related to the bond due to the change in the SEK/€ exchange rate in the quarter.

The net result in the second quarter 2019 was €-6.1 (-4.5) million. EPS in the second quarter 2019 was €-0.07 (-0.05).

REVENUES & EBITDA (MEUR)



Operational highlights

Group

The Company is pursuing its plan for global geo expansion through strong B2B partnerships coupled with the launch of internal B2C brands in select markets. A toughened regulatory environment is being mitigated by strong focus on execution and cost control, and through entering high potential markets expecting to regulate in the mid to long term. Geographical footprint was expanded to India for B2C during the quarter and to New Zealand for B2B after the quarter. Investments into product continued in order to drive down cost/revenue delta, increase integration capacity whilst reducing time to market for new features, market and customer launches. Marketing efficiency was greatly improved whilst people costs were stable. The organisation is preparing for managed growth in H2 as its core objective for activities.

B2C

GiG continued to drive increased profitability in the B2C operator business. Marketing cost was reduced with 37% whilst profits increased from €-2.8m to €0.4m year-on-year. The brand portfolio now consists of four brands, where 73% of revenues are with Rizk.com who grew by 17% in the quarter. The Company is focusing market spend on Rizk in a few select markets with an aim to grow brand equity, and therefore improve earnings quality through increased customer engagement and loyalty. This has been a successful and necessary development. Toughened regulation has impacted on B2C operator's revenue and we are therefore pleased with the growth of Rizk.com in Q2.

Rizk launched a dedicated live casino studio on 11 June, powered by Evolution Gaming. Live casino turnover has been accelerating significantly in its first full month, July. Also in June, Rizk was launched in India and throughout Q3 we are expecting revenues from that market to grow as operations are settling.

The Betspin brand closed operations in May with marginal impact on Group revenue.

B2B

GiG's B2B platform solutions is undergoing a transformation as the primary target customer has been shifted from startups and SME offered a white-label model, to signing strong and established brands using a software-as-a-service model. Through such model, the customer operates on its own gambling licences whereas GiG is a turnkey supplier of technology, and as such, GiG is reducing its regulatory exposure and risk. One new turnkey customer signed during the quarter, New Zealand based Tier 1 operator SkyCity Entertainment Group. There is a healthy pipeline of potential customers. Such customers will improve earnings quality however, lead to a somewhat lower gross margin, expected to be negated at the bottom line level over time due to decreased opex and increased scale.

In 2019, GiG has made an entry into the coveted gambling compliance space with its marketing surveillance tool GiG Comply. In Q2, it continued to gain increased traction building a healthy potential sales pipeline. The Company believes it is proceeding well towards its strategic intent of supporting operators' growth through the whole value chain of iGaming.

GiG continued to develop its sports betting services whilst reducing burn rate. The latter have improved from -2.1m EBITDA in Q3 2018 to -1.5m in the quarter. The Company is focused on adapting the product to the US marketplace, whilst improving the capability for EU operations in order to improve B2C Sports NGR and to grow the B2B pipeline.

GiG's media services division was, in April, awarded a top 5 position in the EGR Power Affiliates Ranking, this is an improvement by seven places to last year. This comprehensive, annual ranking comprises 25 of the most successful affiliate businesses in the global gambling industry.

Events after Q2

GiG was granted two licences in Spain, permitting the Company to offer B2C online casino and sports betting in the Spanish market.

GiG was granted a Class II licence in Romania. This will allow GiG's Media Services to enter the regulated Romanian market with affiliate marketing.

On 8 August, GiG launched a turnkey casino solution in New Zealand with its new long-term partner SkyCity Entertainment Group. GiG will support its growth with a fully managed gaming solution including a licence, the technical platform, fully managed services, front end development, marketing and to enter online casino services which went live on 8 August.

On 1 July, GiG's subsidiary Zecure Gaming Ltd, which operates its in-house brands in Sweden received a penalty from the Swedish Gambling Authority. GiG has appealed and took a voluntary step by temporarily closing its own brands for sports betting in Sweden until clarification from the regulator is given. This action will have marginal impact on the Company's revenue.

Initiatives taken after Q2

To improve the profitability and performance in the B2C vertical and to put the focus on fewer brands, GiG has divested its brand Highroller to affiliate and operator Ellmount Gaming Ltd. The total purchase price of €7 million is paid over a period of 48 months. Should the acquirer be in default in payments, the assets will be returned to GiG at a zero consideration. The acquirer will become a B2B customer of GiG and continue to operate Highroller using GiG's Platform Services, Front End solution and Managed Services. GiG will after this divestment operate with four brands: Rizk, Guts, Kaboo and Thrills. The impact on Gaming Operators' revenues is approximately €3.0m per year and GiG expects positive contribution to its B2B segment from Highroller under the new owner

Target markets

GiG's expansion strategy for the Group is to primarily focus on regulated and soon-to-be regulated markets, both with its media business, its own B2C brands and in partnership with strategic operators to grow long term in B2B. To support further growth, investments are being made to also pursue expansion in markets with high potential such as Spain, Latin America, Canada and certain Asian markets throughout 2019 and 2020.

GiG's targets for B2B customers are operators with a strong position in single or multiple local markets as evidenced through brick and mortar locations, brand equity or marketing strength. GiG is unique in that it can supply such customers with the turnkey platform, operational experience and support. GiG is also targeting a wider range of customers with modular services.

Outlook and guidance

- The Company is expecting both revenue growth and improved bottom line as its global expansion is driving growth in both the B2B and B2C segments in H2. Media is expecting a stable development.
- Growth will be managed with a strong focus on execution and cost control.
- Traction from launching turnkey solutions with Tier 1 customers in New Jersey and in New Zealand, together with additional sportsbook customers launched on the platform plus an improved B2C business, is expected to increase revenues from current levels and strengthen profitability.

OPERATIONAL REVIEW

B2C Gaming Operators

The B2C segment included in Q2 2019 GiG's in-house gaming operators; Rizk.com, Betspin.com, Guts.com (and gutsXpress.com), Kaboo.com, Thrills.com and Highroller.com.

MEUR	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Revenue	19.6	24.2	39.8	49.6	99.8
Marketing expense	8.2	13.1	16.0	24.8	46.1
EBITDA	0.4	-2.8	1.5	-2.6	-0.5
Total deposits	80.2	104.5	159.9	207.5	428.7

Revenues and EBITDA

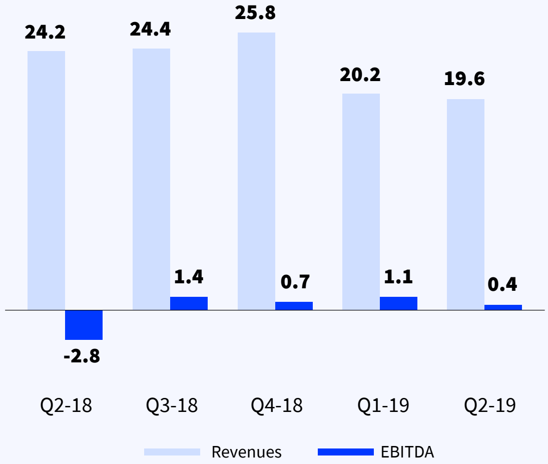
Revenues in the second quarter 2019 for the B2C gaming segment were €19.6 (24.2) million, a 19% decline, mainly caused by lower revenues in Sweden due to the impact of betting duties and restrictions on marketing, together with a low casino margin of 3.3%. The numbers reflect the six in-house brands operating in Q2 2019 compared to seven in-house brands generating revenues during 2018. In-house brand Rizk represented 73% (50%) of total revenues in Gaming Operators with a year-on-year growth of 17%.

44% (45%) of revenues came from regulated and soon-to-be regulated markets. Revenues were split with 58% (76%) from the Nordics, 6% (14%) from Western Europe, 28% (5%) from Central Europe and the balance, 7% (5%) from other markets. Sweden accounted for 10% of total B2C revenues in the quarter with €2.1 million, down from 29% and a revenue of €6.9 million in the second quarter 2018 and represented the full year-on-year decline in B2C revenues.

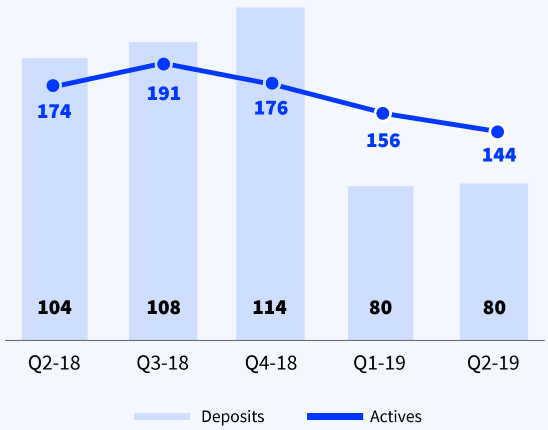
Cost of sales for the B2C gaming segment were €7.2 (7.3) million, whereof betting duties were €1.9 (1.1) million or 9.5% (4.4%) of B2C revenues . This resulted in a gross profit margin of 63% (70%), where the margin decline was mainly an effect of increased betting duties.

EBITDA for the second quarter 2019 was €0.4 million, an improvement from €-2.8 million in the second quarter 2018. In-house brand Rizk alone had an EBITDA of €1.5 (-0.9) million.

Gaming Operators
Revenue & EBITDA (MEUR)



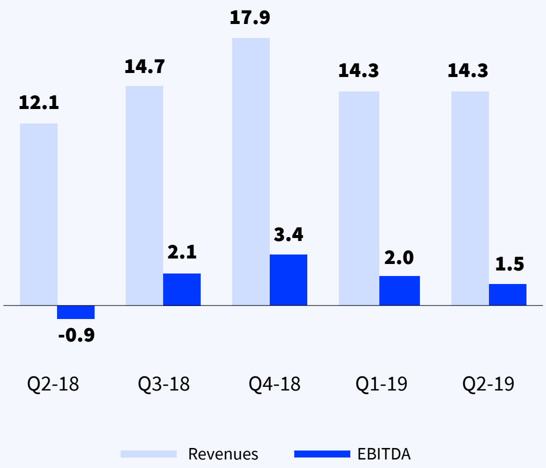
Gaming Operators
Deposits (MEUR) & Actives (1000)



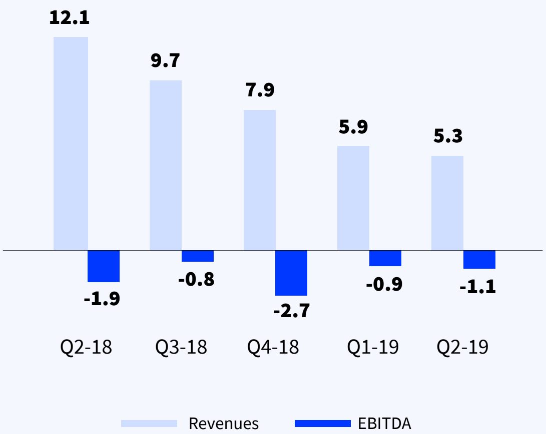
Marketing expenses

Up-front marketing investments were stepped up as planned in the second quarter 2019, resulting in a total B2C marketing expense of €8.2 million, a reduction from €13.1 million in the second quarter 2018 and an increase from € 7.8 million in the first quarter 2019. The reduction in marketing expenses is a result of initiatives taken from the second half of 2018 to change the mix

Rizk
MEUR



Other brands combined
MEUR



in marketing from TV advertising to affiliate marketing and social media and the focus on fewer brands. Of the total B2C marketing expense in the second quarter 2019, €2.8 (3.8) million or 31% (29), was related to revenue share agreements, with the balance attributable to up-front payments.

Gross deposits

Gross deposits were €80.2 (104.4) million in the second quarter 2019, down by 23%, mainly due to lower activity in the Nordics and especially in Sweden. The number of active users for the B2C segment was 143,690 (173,612), a decline of 17%.

Casino and sports betting margins

The casino margin in the operator business was low in the second quarter 2019 with 3.30% (3.73), impacting revenues negatively by approximately EUR 1.0 million. The average casino margin is around 3.6% and will fluctuate from quarter to quarter. The sports betting margin was 6.2% (7.4) in the quarter. Betting duties represented 9.5% (4.4%) of gaming operators' revenues in the second quarter 2019.

Strategy

Brands: In 2018, GiG operated seven own brands and is from June 2019 operating with five in-house brands. The Betspin brand closed operations in May 2019 and after the divestment of Highroller in Q3 2019, GiG will operate with four in-house brands.

Following tougher competition and regulation in core markets, initiatives are being taken by the Company to expand its geographical footprint into high-potential and less mature markets such as Spain, Latin America, Canada and Asia. The Rizk brand was launched in the Asian market (India) during the last week of June.

Two licences were granted in the fast-growing Spanish market, with expected launch in Q1 2020. Spain will also serve as a gateway into the Latin American market. The establishment of the business in these markets is a key priority for profitable growth from current levels in 2019 and beyond.

B2B Services

This segment includes GiG's Media Services, Platform Services and Sports Betting Services.

MEUR	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Revenue	13.1	15.6	27.3	30.9	62.7
EBITDA	2.1	4.4	5.1	8.6	16.5

Revenues for the B2B segment amounted to €13.1 (15.6) million in the second quarter 2019, a 16% decline year-on-year. EBITDA was €2.1 (4.4) million in the quarter with an EBITDA margin of 16% (28%). The decline in revenues and EBITDA is mainly attributable to the termination of a larger customer as informed in the Q4 2018 report and should be seen as an isolated one-off-effect when comparing the year-on-year revenue performance from 2018.

Media Services

Revenues and EBITDA

Revenues in Media Services reached 8.6 (8.7) million in the second quarter 2019. EBITDA was €4.7 (4.7) million with an EBITDA margin of 55% (54%). Paid Media showed an improvement in performance and reached an all-time-high in revenues.

60% (70%) of revenues in the second quarter 2019 derived from revenue share agreements, 17% (11%) from CPA (Cost per Acquisition), 21% (19%) from listing fees and 2% (0%) from other services (GiG Comply and agency services).

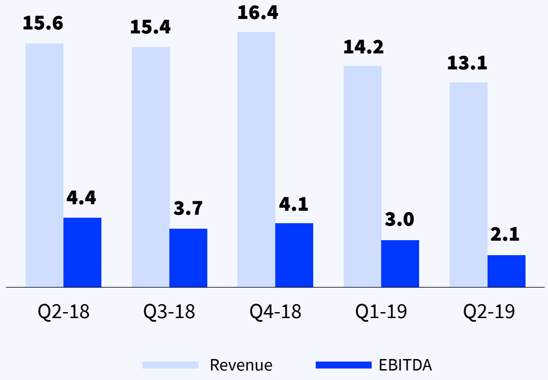
FTD's

Media Services referred 29,435 (31,445) new FTDs (First Time Depositors) to operators in the second quarter 2019. Of the new FTDs in the quarter, 6% (6%) were referred to GiG's own brands, 4% (6%) to Platform Services customers and the remaining 90% (88%) to other operators. Although a seasonally low quarter, demand and value from external partners continued to be strong. GiG's US affiliate site, wsn.com, referred its first FTDs in New Jersey in July 2019.

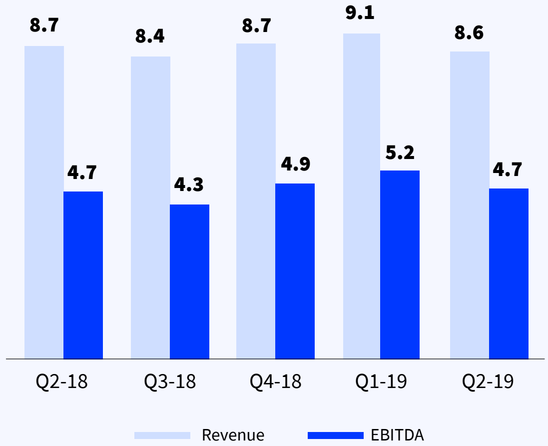
Trends

The paid model represented 19% of Media Services revenues and reversed to a positive trend in Q2 compared to the second half of 2018 when performance was hampered due to regulatory issues, mainly in the UK. Preparations and investments are being made to ensure that further

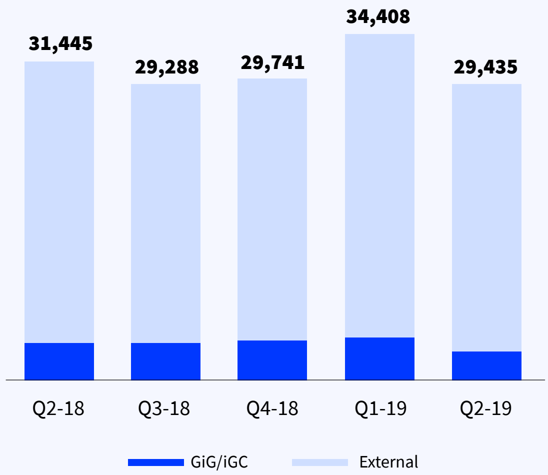
B2B Segment
Revenue & EBITDA (MEUR)



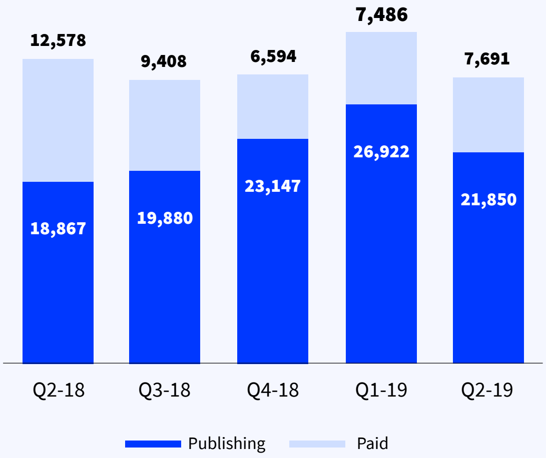
Media Services
Revenue & EBITDA (MEUR)



Media Services - FTDs
Split between own brands/ customers & others



Media Services - FTDs
Split between publishing and paid



opportunities can be realised when new markets regulate and channels open up.

Strategy

To support the expansion strategy into regulated markets, GiG was in July granted a Class II licence in Romania. This will allow GiG's Media Services to enter the regulated Romanian market with affiliate marketing services to refer traffic to licensed online casinos and sportsbooks in Romania. Further licence applications and growth opportunities will be considered on a world-wide basis, with particular emphasis on North America, Latin America and certain parts of Asia as they open up for the opportunity. GiG is present in New Jersey, US, with its affiliate sports betting site wsn.com which was launched in the first half of 2019. Modular compliance services, such as the compliance monitoring and screening tool GiG Comply, are key focus areas for the Company.

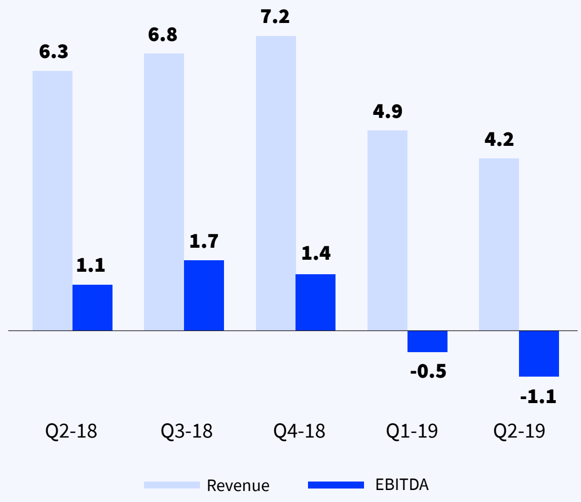
Platform Services

Revenues and EBITDA

Platform Services comprise the GiG Core platform, the front end service GiG Magic and GiG Games.

Revenues for Platform Services were €4.2 (6.3) million in the second quarter 2019. The decline from the second quarter 2018 is due to the termination of a customer contributing circa €2.2m in the second quarter 2018 and the shift of sports related revenues to Sports Betting Services from April 2018. 79% of platform revenues were from external customers with the balance from GiG's own brands. EBITDA for the second quarter 2019 was €-1.1 (1.1) million. GiG's proprietary games studio is included in Platform Services with an EBITDA of €-0.3 (0.0) million in the second quarter 2019.

Platform Services
Revenue & EBITDA (MEUR)



Database transactions

Total database transactions in the second quarter 2019 were 4.7 (4.6) billion, a 2% increase year-on-year.

Brands on the platform

One new brand was signed in the second quarter 2019 and two brands started their operations. Four brands discontinued operations in the same period. By the end of the second quarter 2019 three brands were in the pipeline to be launched, of which one started operations in July. Existing live customers and the signed pipeline adds up to a total of 35 brands operating on the platform, including GiG's own brands.

GiG signed, in Q1, a long-term contract with start-up and licensed operator MegaLotto for the provision of its technical platform services, casino games as well as managed services from GiG Magic. With this agreement, GiG enters the Lottery betting vertical by supporting MegaLotto in its strategy of offering betting on the outcome of the world's leading lotteries, MegaLotto's exclusive lotteries and casino side games. The product portfolio will offer lottery betting, scratchcards, instant win games and slots based on the vision of making the lottery experience less transactional, and more about snackable, on the go entertainment. Launch is planned for Q4 2019. Revenues deriving from this partnership is expected to have limited impact on GiG's overall revenues in 2019 due to the nature of a start-up in a new market vertical, however revenues are expected to accelerate from 2020 onwards.

Strategy

The commercial department (sales) is focusing on targeting strong brands with whom GiG can support growth in the digital space and/or a digital transformation from a land-based operation to an online presence. The target markets are regulated or soon-to-be regulated markets and also some low tax markets which will be considered on an opportunistic level, where country managers are responsible for local adaptation and marketing of the product.

Sports Betting Services

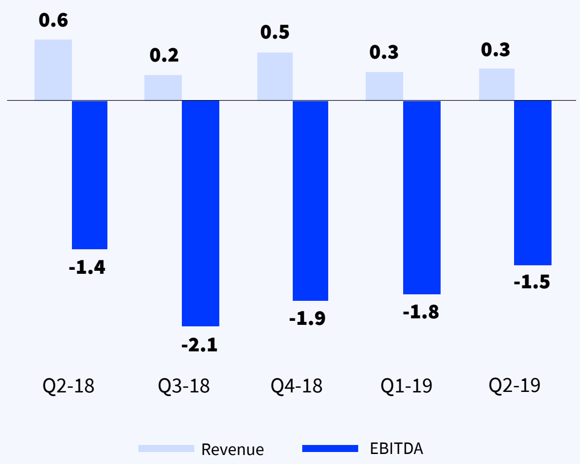
Revenues and EBITDA

Revenues from Sports Betting Services were €0.3 (0.6) million in the second quarter 2019, EBITDA was €-1.5 (-1.4) million, an improvement by €0.3 million from Q1 2019. The negative EBITDA relates to the investments in technology and people to build the sports betting services in-house.

Strategy

Key priorities of development are innovative trading tools, data driven odds and a full retail and online solution. The burn rate for the sports betting vertical decreased in the second quarter and is expected around €0.6 - 0.7 million per month for the coming quarters. The investments in building the sportsbook will contribute both to the B2C and B2B revenues generated by the Company. Break even in this vertical is expected in the first half of 2020. This will be achieved by strengthening the sportsbook with in-house brand Guts, by the developments in the new sportsbook and a focused marketing approach.

Sports Betting Services
Revenue & EBITDA (MEUR)



FINANCIAL REVIEW

Second Quarter 2019

Revenues

Consolidated revenues amounted to €31.0 (36.9) million in the second quarter 2019, a decline of 16% mainly due to lower revenues within the B2C segment which was impacted by the challenging Swedish market and the termination of a customer contract in Q4 -18 affecting YoY comparison by €4.8m (29%) and €2.25m respectively. GiG's revenues comprise income (NGR) from the Company's gaming sites, publishing and paid media marketing in Media Services and income deriving from revenue share and other fee/based agreements from B2B customers in Platform Services and Sports Betting Services.

Cost of Sales

Cost of sales include fees to game and payment suppliers, gaming taxes and other variable expenses. In the second quarter 2019, cost of sales amounted to €6.6 (6.4) million, an increase of 3%. Gaming taxes amounted to €1.9 (1.1) million, or 6.0% (2.9%) of consolidated revenues.

Gross profit

Gross profit amounted to €24.4 (30.5) million during the second quarter 2019, a decline of 20%. Gross profit margin for the second quarter 2019 was 79% (83%), the decline is mainly related to an increase in betting duties, mainly from Sweden and the payment of VAT in certain jurisdictions.

Marketing expenses

Consolidated marketing expenses were €8.9 (13.2) million in the second quarter 2019, a reduction of 32%. Marketing expenses' share of total revenues were 29% in the second quarter 2019, down from 36%. Marketing expenses are mainly derived from the Company's B2C operations, comprising up-front payments such as TV campaigns, CPA (cost per acquisition) and affiliate revenue shares, and payment for traffic in GiG Media's paid operation.

Operating expenses

Other operating expenses amounted to €13.0 (15.7) million in the second quarter 2019, a reduction of 17%. Operating expenses are mainly related to salaries, rent and general corporate expenses. Personnel expenses were €8.7 (9.9) million in the second quarter 2019, a reduction of 12%, due to a lower number of employees.

Capitalised expenses related to the Company's development of technology and future products amounted to €1.6 (1.3) in the second quarter and are capitalised over 3 years. These costs are mainly related to the development of GiG's platform, sports betting products and games.

EBITDA

EBITDA for the second quarter 2019 was €2.5 (1.7) million, an increase of 49%. The EBITDA margin was 8.0% (4.5%) an improvement from the second quarter 2018.

D&A

Depreciation and amortisation amounted to €6.5 (4.9) million in the second quarter 2019, whereof depreciation was € 1.1 (0.3) million.

Amortisation related to the affiliate acquisitions completed in 2015 - 2017 were €2.4 (2.4) million in the second quarter 2019, split with €1.0 (1.0) million for affiliate contracts and €1.4 (1.4) million to domains/ SEO. Acquired affiliate assets are conservatively amortised over 3 years for customer contracts and 8 years for domains/SEO. The balance is mainly related to capitalised development expenses with €2.2 (1.3) million. Depreciation expense related to IFRS16 was €0.6 million.

EBIT

EBIT came in at €-4.0 (-3.2) million in the second quarter 2019. The decline is mainly due to increased amortisation and depreciation.

Net result

Net other income was €-2.0 (-1.0) million in the second quarter 2019. Interest on the Company's bond was included with €1.2 (1.2) million in the quarter. and included €1.2 (1.2) million in interest expense, an early redemption fee of €1.0 on the refinancing of the Company's bond and a net gain of €1.1 million related to the bond due to the weakening of the SEK towards the EUR during the quarter. Interest related to IFRS 16 was €-0.3 million. The net result for the second quarter 2019 was €-6.1 (-4.5) million.

Cash flow

The consolidated net cash flow from operational activities amounted to €3.2 (8.2) million for the second quarter 2019. Included in the net cash flow from operational activities are changes in operating assets and liabilities, mainly consisting of release of rolling reserves, marketing prepayments and payments of receivables.

The net cash flow used on investments was €3.5 (3.1) million in the second quarter 2019, whereof €1.6 (1.6) million were capitalised development expenses, €0.5 million in one-off investments into GiG's new office in Malta, 'GiG Sky' and €0.4 million in a one-off investment into Rizk's live studio.

The net cash flow from financing activities was €2.4 (0.0) million in the second quarter 2019 and was related to the refinancing of the Company's new bond issued in June.

Cash and cash equivalents increased by €2.1 (5.3) million in the second quarter 2019.

Financial position

As at 30 June 2019, holdings of cash and cash equivalents amounted to €15.2 (16.0) million. A €4.0 million cash deposit for the Spanish licence applications is included under receivables. Cash holdings include €8.9 (7.2) million in fiduciary capacity, which is customer monies, use of which is restricted in accordance with the Remote Gaming Regulations.

As at 30 June 2019, GiG held total assets of €196.0 (202.8) million and shareholders' equity was €79.2 (106.3) with an equity ratio of 40% (52%).

The interest-bearing debt as at 30 June 2019 was €67.6 (63.8) million.

January to June 2019

Revenues

Consolidated revenues amounted to €63.4 (74.2) million in the first six months of 2019, a decline of 15% mainly due to lower revenues within the B2C segment which was impacted by the challenging Swedish market and the termination of a customer contract in Q4 -18 affecting YoY comparison by €10.0m and €3.2m respectively.

Cost of Sales

In the first six months of 2019, cost of sales amounted to €13.0 (13.2) million, a reduction of 1.5%. Gaming taxes amounted to €3.6 (2.3) million, or 5.7% (3.1%) of consolidated revenues.

Gross profit

Gross profit amounted to €50.4 (61.0) million during the first six months of 2019, a decline of 17%. Gross profit margin for the first six months of 2019 was 79% (82%), the decline in the gross profit margin is mainly related to an increase in betting duties, mainly from Sweden and the addition of VAT in certain jurisdictions.

Marketing expenses

Consolidated marketing expenses were €17.5 (25.0) million in the first six months of 2019, a reduction of 30%. Marketing expenses' share of total revenues were 28% in the first six months of 2019, down from 34%.

Operating expenses

Other operating expenses amounted to €26.3 (30.0) million in the first six months of 2019, a reduction of 12%. Operating expenses are mainly related to salaries, rent and general corporate expenses. Personnel expenses were €17.7 (19.7) million in the first six months of 2019, a reduction of 10% due to a lower number of employees.

Capitalised expenses related to the Company's development of technology and future products amounted to €3.3 (2.6) in the first six months of and are capitalised over 3 years. These costs are mainly related to the development of GiG's platform and sports betting products and games.

EBITDA

EBITDA for the first six months of 2019 was €6.6 (6.0) million, an increase of 10%. The EBITDA margin was 10.4% (8.1%) an improvement from the first six months of 2018.

D&A

Depreciation and amortisation amounted to €13.1 (9.6) million in the first six months of 2019, whereof depreciation was €2.6 (1.0) million.

Amortisation related to the affiliate acquisitions completed in 2015 - 2017 were €4.8 (4.9) million in the first six months of 2019, split with €2.0 (2.1) million for affiliate contracts and €2.8 (2.8) million to domains/SEO. Acquired affiliate assets are amortised over 3 years for customer contracts and 8 years for domains/SEO. The balance is mainly related to capitalised development expenses with €2.1 (1.4) million.

EBIT

EBIT came in at €-6.5 (-3.6) million in the first six months of 2019. The decline is mainly due to increased amortisation and depreciation.

Net result

Net other income was €-2.3 (-0.2) million in the first six months of 2019. Interest on the Company's bond was included with €2.2 (2.4) million. The balance is net foreign exchange losses included an unrealised gain of €1.7 million on the bond due to the weakening of the SEK towards the EUR during the first six months of 2019. The net result for the first six months of 2019 was €-9.0 (-3.6) million.

Cash flow

The consolidated net cash flow from operational activities amounted to €5.8 (10.3) million for the first six months of 2019. Included in the net cash flow from operational activities are changes in operating assets and liabilities, mainly consisting of release of rolling reserves, marketing prepayments and payments of receivables.

The net cash flow used on investments was €7.6 (6.6) million in the first six months of 2019, whereof €3.3 million were capitalised development expenses and €1.1 million one-off investments in leasehold improvements plus investments into GiG's new office in Malta – 'GiG Sky'.

The net cash flow from financing activities was €2.5 (0.0) million in the first six months of 2019.

Cash and cash equivalents increased by €0.5 (3.9) million in the first six months of 2019.

Personnel

By the end of second quarter 2019, 709 (742) employees were spread throughout Malta, Spain, Gibraltar, Denmark, Norway and some satellite offices at other locations. Approximately 170 people are working in Gaming Operators, 210 in Platform Services (Core), 70 in Sports Betting Services, 25 in Games and 110 in Media Services, with the balance in corporate functions.

Shareholder matters

GiG was listed on the main list at Nasdaq Stockholm on Tuesday 26 March 2019. From this date the share is dual-listed on Nasdaq Stockholm and Oslo Børs with the same ISIN code: US36467X2062.

As at 30 June 2019, the total number of shares outstanding in GiG was 90,005,626 (par value USD 1.00). The number of authorised shares is 100,000,000.

In May 2019, 500,000 options were granted with an exercise price of NOK 30.00 per share. The options are exercisable with 20% after 1 April 2020, 30% after 1 April 2021 and 50% after 1 April 2022. All options expire on 31 March 2025 and are conditional upon employment at time of exercise. During the second quarter 2019, 10,000 options were exercised and 85,000 options were cancelled. GiG borrowed shares for the immediate transfer of the option shares. GiG will issue new shares later and the number of shares outstanding will then increase to 90,085,626. 1,506,000 options were outstanding as at 30 June 2019.

Gaming Innovation Group Plc. issued a new SEK400 million senior secured bond with a SEK1,000 million borrowing limit on 28 June 2019. SEK350 million of the net proceeds were used to refinance part of the existing GIGLTD01 bond, reducing the outstanding amount from SEK650 to SEK300 million. The balance of the new bond was used to pay down the parent Company's working capital facility and short-term loans. The bond has a floating coupon of 3 months STIBOR + 9% per annum and maturity on 28 June 2022. The issue strengthened the longer-term financing of the business and increases GiG's capacity and flexibility for growth opportunities. The Company is in the process of refinancing the remaining balance of the bond which matures in March 2020.

The Annual Meeting in May resolved that the Board of Directors should consist of six members and resolved to re-elect Petter Nylander as Chairman of the Board and to re-elect Robert Burén, Frode Fagerli, Paul Fichbein, Helge Nielsen and Henrik Persson Ekdahl as Directors of the Board.

The Annual Meeting furthermore resolved that the Nomination Committee shall consist of not less than three and not more than four members, of which one shall be the Chairman of the Board of Directors, to represent all shareholders and be appointed by the three largest shareholders at 31 August 2019. It was also resolved to reappoint Israeloff Trattner & Co. PC as auditors of the company.

The Annual Meeting resolved to establish a three-year share option plan to provide continuing share incentives for managers and key staff of the company. The options will have a three-year vesting period from grant and will vest with 20% after one year, 30% after two years and 50% after three years. Up to 5% of issued share capital will be available for the share option plan.

The Annual Meeting also resolved to authorise the Board of Directors to buy back already issued and outstanding shares in the company and to dispose of such shares, all on such terms as the Board of Directors may deem fit. The company's total holding of its own shares may not exceed 10% of the outstanding share capital of the company at any time. Acquisition of own shares may take place on NASDAQ Stockholm and Oslo Børs, during the period until the end of next Annual Meeting of Shareholders.

It was resolved on a total remuneration maximum of EUR 285,000 per annum to be paid to Directors elected at the Annual Meeting, that the remuneration of the Chairman of the Board of Directors shall be EUR 85,000 per annum and that the remuneration to the other members of the Board of Directors shall be EUR 40,000 per annum each.

Statement from the board of Directors

The Board of Directors has today approved the condensed consolidated financial statements for the first six months of 2019 and the condensed consolidated balance sheet per 30 June 2019 for Gaming Innovation Group Inc.

We declare to the best of our belief that the condensed consolidated financial statements for the first half of 2018 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 2018 Annual Report.

14 August 2019

The Board of Directors of Gaming Innovation Group Inc.

Petter Nylander
Chairman

Paul Fischbein
Director

Robert Buren
Director

Helge Nielsen
Director

Henrik Persson Ekdahl
Director

Frode Fagerli
Director

Robin Reed
CEO

SUSTAINABILITY

GiG's sustainability priority areas are:

- Fair and safe iGaming
- Responsible marketing and advertising
- Encourage employees to thrive

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. This means offering customers and end users a full suite of solutions across the iGaming value chain while upholding strict rules to minimise harm caused by gambling; to prevent gambling from being a source of crime; and to ensure it is conducted in a fair and safe way. GiG supports end users to comply with technical, legislative and responsible marketing demands, both as an online operator and software supplier providing online gambling platform and services.

GiG invests in its employees' knowledge and skills to understand their individual and organisational responsibility towards responsible gambling, to understand how to identify problem gambling, and to have the knowledge to be able to conduct brief interventions and signpost for further support.

A predictive model based on artificial intelligence technology, is being trialled live on all GiG B2C brands. This model includes various indicators based on empirical studies and increases the speed of detection and action by understanding trading patterns and risks. The concept is to create a machine-learning algorithm to calculate the probability of self-exclusion of an individual player account within the first 3 depositing days of the customer life cycle. Highlighted accounts triggered by the model, will receive responsible gambling review and manual interaction by our inhouse Player Safety team, with emphasis on a proactive, rather than reactive approach.

The strategy of motivating behavioural change in terms of use of responsible gambling tools has been proven to have a positive effect on both consumer protection and sustainability. It contributes to stronger and more accurate support for GiG's operations and sustainability goal, to support customers to keep their gambling safe and controlled as well as for the end users by creating a safer gambling environment.

GiG is committed to progressively working towards its sustainability goals and to report on progress and development in annual sustainability reporting. The Sustainability Report 2018 is available on the Company website: www.gig.com/ir

About Gaming Innovation Group

Gaming Innovation Group Inc. is a technology company providing products and services throughout the entire value chain in the iGaming industry. Founded in 2012, Gaming Innovation Group's vision is 'To open up iGaming and make it fair and fun for all'. Through its ecosystem of products and services, GiG is connecting operators, suppliers and users, to create the best iGaming experiences in the world. The headquarters are based in Malta and the Company is listed on the Oslo Stock Exchange under the ticker symbol GiG and on Nasdaq Stockholm under the ticker symbol GIGSEK.

Legal disclaimer

Gaming Innovation Group Inc. gives forecasts. Certain statements in this report are forward-looking and the actual outcomes 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.

Financial calendar

Q3 2019 Interim Report	6 November 2019
Q4 2019 Interim Report	18 February 2020
Q1 2020 Interim Report	5 May 2020
Annual Shareholder Meeting	19 May 2020

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This information is information that Gaming Innovation Group Inc. (GiG) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, at 08:00 CET on 14 August 2019.

Gaming Innovation Group Inc.

Condensed Statements of Operations

EUR 1000 - Unaudited	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Revenues	30 971	36 885	63 394	74 224	151 372
Cost of sales	6 574	6 364	13 021	13 214	27 358
Gross profit	**24 397**	**30 521**	**50 373**	**61 010**	**124 014**
Operating expenses					
Marketing expenses - revenue share	2 751	3 848	5 587	7 826	14 659
Marketing expenses - other	6 158	9 307	11 905	17 192	32 588
Non-recurring expenses	-	-	-	-	2 619
Other operating expenses	13 005	15 704	26 288	29 997	58 066
Total operating expenses	**21 914**	**28 859**	**43 780**	**55 015**	**107 932**
EBITDA	**2 483**	**1 662**	**6 593**	**5 995**	**16 082**
Depreciation & amortization	6 511	4 890	13 077	9 590	19 973
Impairment of intangibles	-	-	-	-	13 726
EBIT	**-4 028**	**-3 228**	**-6 484**	**-3 595**	**-17 617**
Financial income (expense)	-2 039	-972	-2 294	352	-4 210
Other income (expense)	-3	-48	-33	-143	-113
Result before income taxes	**-6 070**	**-4 248**	**-8 811**	**-3 386**	**-21 940**
Tax income/(expense)	-62	-202	-197	-180	-815
Net results	**-6 132**	**-4 450**	**-9 008**	**-3 566**	**-22 755**
Exchange differences on translation of foreign operations	-49	156	-80	242	133
Fair value movement in available for sale investment	-47	-24	-8	2	-15
Total comprehensive income (loss)	**-6 228**	**-4 318**	**-9 096**	**-3 322**	**-22 637**
Total Comprehensive income (loss) attributable to:					
Owners of the Company	-6 220	-4 337	-9 084	-3 335	-22 639
Non-controlling interests	-8	19	-12	13	2
Total comprehensive income (loss)	**-6 228**	**-4 318**	**-9 096**	**-3 322**	**-22 637**
Earnings per share attributable to GiG Inc:					
Basic earnings (losses) per share	-0,07	-0,05	-0,10	-0,04	-0,25
Diluted earnings (losses) per share	-0,07	-0,05	-0,10	-0,04	-0,25
Weighted average shares outstanding (1000)	90 006	89 566	90 006	89 566	89 567
Diluted weighted average shares outstanding (1000)	90 006	89 566	90 006	89 566	89 567

Gaming Innovation Group Inc.

Condensed Statements of Financial Position

EUR 1000 - Unaudited	30 JUN 2019	30 JUN 2018	31 DEC 2018
ASSETS			
Non-current assets:			
Goodwill	69 525	69 653	69 570
Intangible assets	63 012	88 217	69 253
Deposits and other non-current assets	26 208	8 175	8 061
Total non-current assets	**158 745**	**166 045**	**146 884**
Current assets:			
Prepaid and other current assets	54	52	5
Trade and other receivables	21 990	20 712	28 473
Cash and cash equivalents	15 196	16 024	14 669
Total current assets	**37 240**	**36 788**	**43 147**
TOTAL ASSETS	**195 985**	**202 833**	**190 031**
LIabilities and shareholders' equity			
Shareholders' equity:			
Share capital	78 858	78 483	78 858
Share premium/reserves	121 238	31 598	121 942
Retained earnings (deficit)	-121 747	-3 812	-112 753
Total equity attributable to GiG Inc.	78 349	106 269	88 047
Non-controlling interests	13	36	25
Total shareholders' equity	**78 362**	**106 305**	**88 072**
LIabilities:			
Trade payables and accrued expenses	31 583	31 570	34 204
Short term loans	619	-	617
Bond payable	27 674	-	-
Total current liabilities	**59 876**	**31 570**	**34 821**
Bond payable	38 148	62 798	64 230
Deferred tax liability	1 117	1 110	955
Other long term liabilities	18 482	1 050	1 953
Total long term liabilities	**57 747**	**64 958**	**67 138**
Total liabilities	**117 623**	**96 528**	**101 959**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**195 985**	**202 833**	**190 031**
CONDENSED STATEMENTS OF CHANGES IN EQUITY:			
Equity at beginning of period	**88 072**	**108 783**	**108 783**
Issuance of shares for cash, in repayment of debt and purchase of subsidiary and affilates	-	24	26
Adjustment in prior period	-140	-	-
Exercise of options	-	-	822
Fair value movement in available for sale investments	-8	2	-15
Share compensation expense	-474	820	1 078
Non-controlling interests	-12	13	2
Exchange differences on translation of foreign operations	-80	242	133
Net results	-8 996	-3 579	-22 757
Equity at end of period	**78 362**	**106 305**	**88 072**

Gaming Innovation Group Inc.

Condensed Statements of Cash Flows

EUR 1000 - Unaudited	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Cash flows from operating activities:					
Results before income taxes	-6 070	-4 248	-8 811	-3 386	-21 940
Adjustments to reconcile profit before tax to net cash flow:					
Tax expense	-62	-202	-197	-180	-815
Depreciation and amortization	6 511	4 890	13 077	9 590	19 973
Impairment of intangibles	-	-	-	-	13 726
Cash deposit for licence application	-	-	-	-	-4 000
Other adjustments for non-cash items and changes in operating assets and liabilities	2 810	7 809	1 749	4 235	5 540
Net cash provided by operating activities	**3 189**	**8 249**	**5 818**	**10 259**	**12 484**
Cash flows from investing activities:					
Purchases of intangible assets	-2 279	-2 512	-3 996	-4 634	-9 458
Purchases of property, plant and equipment	-1 190	-556	-3 553	-1 164	-2 511
Purchases of affiliates	-	-	-100	-500	-460
Cash flow from other investing activities	-	-	-	-260	43
Net cash used by investing activities	**-3 469**	**-3 068**	**-7 649**	**-6 558**	**-12 386**
Cash flows from financing activities:					
Proceeds from bond issue	2 446	-	2 446	-	-
Exercise of options and issuance of shares for cash	-	-	-	-	823
Proceeds from loans	-	-	-	-	1 551
Repayment of loans	-	-	-	-	-
Cash flow from other investing activities	-	-	-	-	-
Net cash provided by financing activities	**2 446**	**-**	**2 446**	**-**	**2 374**
Translation loss	-49	156	-80	242	133
Fair value movements	-47	-24	-8	2	-15
Net increase (decrease) in cash	**2 070**	**5 313**	**527**	**3 945**	**2 590**
Cash and cash equivalents - beginning	13 126	10 711	14 669	12 079	12 079
Cash and cash equivalents - end	**15 196**	**16 024**	**15 196**	**16 024**	**14 669**

Gaming Innovation Group Inc.

Notes to Condensed Consolidated Financial Statements as at and for the Periods Ending 30 June 2019 and 2018

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" and on Nasdaq Stockholm from 26 March 2019 with the ticker symbol "GIGSEK" (duallisting). Gaming Innovation Group Plc. ("Plc") is incorporated and domiciled in Malta, having a registered office at @GiG Beach, The Golden Mile, Trig Id-Dragunara, St. Julian's STJ 3148, Malta.

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

The condensed consolidated financial statements of the Company as at and for the periods ended 30 June 2019 and 2018 are comprised of Plc and its accounting basis subsidiaries.

2. Basis of preparation

The condensed consolidated 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 2019 and 2018 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 operations of both 2019 and 2018 of Gaming Innovation Group Inc. and subsidiaries.

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 and Danish Kroners 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 at and for the periods ended 30 June 2019 and 2018 are consistent with those used in preparing the Company's consolidated financial statements as at and for the year ended 31 December 2018.

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.

GiG Gaming Operators

Gaming transactions that are not deemed to be financial instruments, where the Company revenues stem from commissions. The revenue recognised in this manner relates to Poker . Such revenue represents the commission charged at the conclusion of each poker hand in cash games (i.e. rake). The Company's performance obligation in this service is the provision of the poker game to the individual players. The performance obligation is satisfied and the Company is entitled to its share of the pot (i.e. the rake) once each poker hand is complete. In this respect, revenue recognition under IFRS 15 should remain consistent with that under IAS 18 (i.e. to recognise revenue as each hand is complete).

Revenue from gaming transactions that are deemed to be financial instruments, where the Company takes open positions against players, are recognised as a net fair value gain or loss after the deduction of players' winnings, bonuses and gaming taxes. The revenue recognised in this manner relates to sports betting and casino. These are governed by IFRS 9 and thus out of the scope of IFRS 15.

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

GiG Platform Services

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 recognised 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.

In contracting with own license operators, the Company generates revenue by entering into a revenue share deal or a fixed deal where such revenue is apportioned on an accrual basis over the whole term of the contract. The consideration for such services is generally split between an initial setup to configure the software as per the customer's requirements and on-going charge invoiced monthly.

The uncertainty on the amount of revenue to be received is resolved at each calendar month end since the contracts are such that the amounts reset to zero on a monthly basis. Accordingly, it is appropriate for the Company to recognise the monthly amounts invoiced in the P&L.

The only difference between accounting for such arrangements under the previous revenue standard and IFRS 15 pertains to the set-up fees. Under IAS 18, the set-up fees were deferred over a period of (generally) six months until the go-live date. In accordance with IFRS 15, the set-up is not seen as a distinct PO as the customer cannot benefit from the set-up itself but for the agreement as a whole. Accordingly, the set-up fee is simply seen as being part of the consideration receivable for the software as a service (SAAS) agreement and should therefore be deferred over the period of the agreement.

Management performed a detailed analysis of such impact and concluded that this has an immaterial affect for the Company.

GiG Media Services

For a revenue share deal, the Company receives a share of the revenues that the gaming operator has generated as a result of a player playing on their iGaming site. Revenue is recognised in the month that it is earned by the respective gaming operator.

For a cost acquisition deal, a client pays a one-time fee for each player who deposits money on the client's site. Cost per acquisition contracts consist of a pre-agreed rate with the client. Revenue from such contracts is recognised in the month in which the deposits are made.

For a listing deal, a client pays a fixed fee to be listed and critically reviewed on the Company's websites. Such revenue is apportioned on an accrual basis over the term of the contract.

The Company's performance obligation in this respect can be viewed as a series of distinct performance obligations to stand ready to redirect players on a constant basis. Such contacts give rise to variable consideration from an IFRS 15 point of view since the revenues are not fixed at the outset. In view of the nature of the service provided as a monthly stand-ready obligation, the Company recognises the income in the month in which it has a contractual right to bill the iGaming operators. This results in a consistent approach to revenue recognition under IAS 18.

Other

Interest income is recognised in profit or loss for interest-bearing instruments as it accrues, on a time proportion basis using the effective interest method, unless collectability is in doubt.

Dividend income is recognised when the right to receive payment is established.

Standards, Interpretations and Amendments to Published Standards Effective in 2019

In 2019, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting periods beginning 1 January 2019. The adoption of these revisions to the requirements of IFRS as adopted by the EU did not result in any substantial changes to the Company's accounting policies.

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 a consideration. IFRS 16 removes the distinction between operating and finance leases for lessees and requires them to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts; the only exceptions are short-term and low-value leases. The standard is effective for annual periods beginning on or after 1 January 2019. The Company has applied the standard from its mandatory adoption date of 1 January 2019 and will apply the simplified transition approach. Under this approach, the Company will not restate comparative amounts for the year prior to first adoption, the lease liability is measured at the present value of the remaining lease payments as at 1 January 2019, and the right-of-use assets at that date will be measured at an amount equivalent to this lease liability plus prepaid lease expenses. The depreciation expense for right-of-use assets for Q2 2019 is EUR 605,852.

In the opinion of management, there are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

4. Impairment of intangible assets

The Company reviews the carrying amounts of its tangible and intangible assets on an annual basis (or more frequently if events or changes in circumstances indicate a potential impairment) to determine if there are any indications that the assets have decreased in value. If any such indications exist, the recoverable amount is set to determine the need to recognise an impairment. When calculating the recoverable amount. Future cash flows are discounted to present value using a discount rate before tax. If the recoverable amount is determined to be lower than the carrying amount an impairment is recorded through a charge to the statement of operations.

On 31 December 2018, the Company determined that two of its technology platforms that are part of its Business-to-Consumer segment had carrying values in excess of their respective recoverable amounts. The Company recognised an impairment loss totaling EUR 13,726,042. Additional information was included in the Company's annual report for 2018. No additional impairments were noted in Q1 and Q2 2019.

5. 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 platform offering, sportsbook and affiliate marketing. Segment information relating to balance sheet and geographical sales will be disclosed annually in the annual report.

Q2 2019 (EUR 1000)	B2C	B2B	Elimination	Total
Revenue	19,633	13,106	-1,768	30,971
Cost of sales	7,191	249	-866	6,574
Marketing cost	8,203	1,392	-686	8,909
EBITDA	405	2,115	-37	2,483
EBIT	-484	-3,507	-37	-4,028

Q2 2018 (EUR 1000)	B2C	B2B	Elimination	Total
Revenue	24,192	15,595	-2,902	36,885
Cost of sales	7,250	152	-1,038	6,364
Marketing cost	13,077	1,407	-1,329	13,155
EBITDA	-2,780	4,405	37	1,662
EBIT	-3,089	-176	37	-3,228

6M 2019 (EUR 1000)	B2C	B2B	Elimination	Total
Revenue	39,813	27,257	-3,676	63,394
Cost of sales	14,279	519	-1,777	13,021
Marketing cost	16,024	2,890	-1,422	17,492
EBITDA	1,545	5,097	-49	6,593
EBIT	-96	-6,339	-49	-6,484

6M 2018 (EUR 1000)	B2C	B2B	Elimination	Total
Revenue	49,610	30,854	-6,240	74,224
Cost of sales	15,051	352	-2,189	13,214
Marketing cost	24,831	2,868	-2,681	25,018
EBITDA	-2,633	8,554	74	5,995
EBIT	-3,296	-373	74	-3,595

2018 (EUR 1000)	B2C	B2B	Elimination	Total
Revenue	99,813	62,670	-11,111	151,372
Cost of sales	30,906	664	-4,212	27,358
Marketing cost	46,138	5,793	-4,684	47,247
EBITDA	-505	16,530	57	16,082
EBIT	-15,367	-518	-1,732	-17,617

6. Earning (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 and outstanding shares in profitable periods include the dilutive effect of outstanding warrants and options determined by the treasury stock method. As at 30 June 2019, the Company had 1,506,000 options outstanding.

7. Changes in equity

A special meeting of shareholders was held on 11 December 2018. Shareholders approved a 10-for-1 reverse split of the Company's common stock. The Shareholders also approved an increase in the authorized shares from 95,000,000 (after the reverse split) to 100,000,000, each with a par value of USD 1.00.

On 27 December 2018, the Company completed the 10-for-1 reverse split. The number of outstanding shares on 27 December 2018 was 89,565,626 each with a par value of USD 1.00 with the authorized shares at 100,000,000.

In the second quarter 2019, 500,000 options were granted to key employees, 10,000 options were exercised and 85,000 options were cancelled, resulting in 1,506,000 options outstanding as at 30 June 2019. GiG borrowed shares for the immediate transfer of the option shares to the employees during the first and second quarters 2019 and will issue new shares at a later date.

As at 30 June 2019, 90,005,626 shares were outstanding whereof the Company owned no treasury shares. When new shares are issued for the options exercised during the first and second quarters 2019, the outstanding number of shares will increase to 90,085,626.

8. Loans payable to shareholders

In December 2015, the Company entered into a revolving loan facility in the amount of NOK 9,700,000 with a shareholder owning more than 10% of the Company with an interest rate of 10% per annum due on demand at monthly intervals. This facility was increased to NOK 19,200,000 in July 2016. In December 2017, the Company utilized the revolving loan facility and borrowed NOK 10,000,000, and in December 2018 an additional NOK 9,000,000. The outstanding amount, NOK 19,000,000, was repaid in July 2019.

In December 2018, the Company entered into a loan agreement for NOK 6,000,000 with an interest rate of 10% per annum with maturity on 30 November 2019. The loan was repaid in July 2019.

Short-term loans outstanding balances as at 30 June 2019 and 2018 were EUR 618,654 and 0 respectively with accrued interest of EUR 35,255 and 0 respectively. Long term loans outstanding balances as at 30 June 2019 and 2018 were EUR 1,959,071 and EUR 1,049,770 respectively with accrued interest of EUR 32,741 and 8,628 respectively.

9. Senior secured bonds

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 with maturity in March 2020. Net proceeds from the bond issue were used for acquisition of affiliate markets, paying off existing debt in full, as well as towards general corporation purposes. The bond was initially drawn on 6 March 2017 with a subsequent issue of SEK 250 million on 14 September 2017 for a total of SEK 650 million.

In June 2019, the Company issued a new SEK 400 million senior secured bond with a SEK 1,000 million borrowing limit and a fixed interest of 9% per annum with maturity on 28 June 2022. SEK 350 million of the net proceeds were used to refinance part of the existing SEK 650 million bond. The balance was used to pay down the Company loans in July 2019. The outstanding balance of the short term bond at 30 June 2019 was EUR 27,674,463 with accrued interest of EUR 558,612. The outstanding balance of the long term bond at 30 June 2019 was EUR 38,147,519 with accrued interest of EUR 18,524. The bonds are registered with the Norway Central Securities Depository. The 2017-20 bond is listed on the Oslo Stock Exchange (GIGLTD01) and the 2019-22 bond will be listed on Nasdaq Stockholm.

10. Acquisitions

There were no acquisitions in the second quarter 2019.

11. Litigation

From time to time, the Company is involved in litigation brought by previous employees or other persons. The Company and its legal counsel believe that these claims are without merit.

In December 2018, the Company was notified of the ruling by Bergen City Court in the dispute against Euro TV AS. The court concluded that GiG shall transfer 340,000 shares to Euro TV AS on the basis of an alleged oral agreement between the parties. GiG disagreed with the court's ruling and appealed the judgement. In Q4 2018 the Company accrued an expense of EUR 200,000. Please see note 30 in GiG's 2018 annual report for further information about the dispute. In May 2019, the Company agreed to and paid in full, a settlement with Euro TV of NOK 1,750,000.

12. Related party transactions

There were no material related party transactions in the second quarter 2019 other than the loans mentioned in Note 8.

13. Subsequent events

In July 2019, the Company paid down the outstanding shareholder loans (see note 8 & 9) in full, with proceeds from the new senior secured bond issued in June 2019.

In July 2019, the Company was given a warning with a penalty of SEK 3,500,000 (approximately EUR 330,000) by the Swedish Gambling Authority (SGA) due to an alleged non-compliance related to an event offered to end users. The Company does not agree with SGA's assessment and intends to appeal the sanction.

There have been no material subsequent events after 30 June 2019 other than noted above.

14. 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 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.

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

EBIT: Operating profit

EBITDA: Operating profit less depreciation and amortization

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 tax: Taxes paid on revenues in regulated markets

Gross profit: Operating revenue less cost of sales

Gross margin: Gross profit in percent of revenues

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

Organic growth: Growth excluding acquisitions.

Net Gaming Revenue (NGR): Total cash deposits less all wins payable to customers after bonus costs and external jackpot contributions.

Gaming Innovation Group plc.

Condensed statement of operations

Gaming Innovation Group Plc issued a SEK 650 million senior secured bond with a SEK 1,250 million borrowing limit in 2017. The bond 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.

In June 2019, Gaming Innovation Group Plc issued a new SEK 400 million senior secured bond with a SEK 1,000 million borrowing limit. The new bond has a coupon of STIBOR + 9.0% p.a. with maturity in June 2022. The new bond was used to repay SEK 350 million of the old bond, reducing the balance to SEK 300 million.

As per the bond terms, the interim condensed consolidated accounts for the issuer for the second quarter 2019 are stated below. Please refer to the selected notes to condensed consolidated financial statements for the parent Gaming Innovation Group Inc. for more information.

EUR 1000 - Unaudited					
	Q2 2019	**Q2 2018**	**6M 2019**	**6M 2018**	**2018**
Revenues	30 971	36 885	63 394	74 224	151 372
Cost of sales	6 574	6 364	13 021	13 214	27 358
Gross profit	**24 397**	**30 521**	**50 373**	**61 010**	**124 014**
Operating expenses					
Marketing expenses - revenue share	2 752	3 848	5 587	7 826	14 659
Marketing expenses - other	6 158	9 307	11 905	17 192	32 588
Other operating expenses	12 616	15 333	25 506	29 295	59 133
Total operating expenses	21 526	28 488	42 998	54 313	106 380
EBITDA	**2 871**	**2 033**	**7 375**	**6 697**	**17 634**
Depreciation & amortization	6 511	4 880	13 077	9 571	19 973
Impairment of intangibles	-	-	-	-	13 726
EBIT	**-3 640**	**-2 847**	**-5 702**	**-2 874**	**-16 065**
Financial income (expense)	-1 975	-972	-2 166	352	-4 096
Other income (expense)	-9	-7	-27	-61	-114
Result before income taxes	**-5 624**	**-3 826**	**-7 895**	**-2 583**	**-20 275**
Tax income/(expense)	-62	-202	-196	-180	-815
Net results	**-5 686**	**-4 028**	**-8 091**	**-2 763**	**-21 090**
Exchange differences on translation of foreign operations	-49	156	-80	242	133
Fair value movement in available for sale investment	-47	-24	-8	2	-15
Total comprehensive income (loss)	**-5 782**	**-3 896**	**-8 179**	**-2 519**	**-20 972**
Total Comprehensive income (LOSS) attributable to:					
Owners of the Company	-5 774	-3 915	-8 167	-2 532	-20 974
Non-controlling interests	-8	19	-12	13	2
Total comprehensive income (loss)	-5 782	-3 896	-8 179	-2 519	-20 972

Gaming Innovation Group plc.

Condensed statements of financial position

EUR 1000 - Unaudited	30 JUN 2019	30 JUN 2018	31 DEC 2018
ASSETS			
Non-current assets:			
Goodwill	53 838	53 965	53 882
Intangible assets	63 012	81 792	69 253
Deposits and other non-current assets	25 824	7 965	7 948
Total non-current assets	**142 674**	**143 722**	**131 083**
Current assets:			
Trade and other receivables	21 990	20 713	28 473
Inter-co GiG Inc.	3 762	-	-
Cash and cash equivalents	12 479	15 954	14 596
Total current assets	**38 231**	**36 667**	**43 069**
TOTAL ASSETS	**180 905**	**180 389**	**174 152**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity:			
Share capital	51	51	51
Share premium/reserves	93 374	647	94 077
Retained earnings (deficit)	-27 008	-3 522	-18 930
Total equity attributable to GiG plc.	**66 417**	**-2 824**	**75 198**
Non-controlling interests	13	36	25
Total shareholders' equity	**66 430**	**-2 788**	**75 223**
Liabilities:			
Trade payables and accrued expenses	31 014	31 035	33 744
Inter-co GiG Inc.	-	88 234	-
Bond payable	27 674	-	-
Total current liabilities	**58 688**	**119 269**	**33 744**
Bond payable	38 148	62 798	65 185
Deferred tax liability	1 117	1 110	-
Other long term liabilities	16 522	-	-
Total long term liabilities	**55 787**	**63 908**	**65 185**
Total liabilities	**114 475**	**183 177**	**98 929**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**180 905**	**180 389**	**174 152**
CONDENSED STATEMENTS OF CHANGES IN EQUITY:			
Equity at beginning of period	**75 223**	**-1 089**	**-1 089**
Adjustment on adoption of IFRS16	-140	-	-
Reclassification of capital contribution of merged companies	-	-	6 446
GIG Inc loans converted into capital contribution	-	-	89 760
Fair value movement in available for sale investments	-8	2	-15
Share compensation expense	-474	820	1 078
Non-controlling interests	-12	13	2
Exchange differences on translation of foreign operations	-80	242	133
Net results	-8 079	-2 776	-21 092
Equity at end of period	**66 430**	**-2 788**	**75 223**

Gaming Innovation Group plc.

Condensed statement of cash flows

EUR 1000 - Unaudited	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Cash flows from operating activities:					
Results before income taxes	-5 624	-3 826	-7 105	-2 583	-20 275
Adjustments to reconcile profit before tax to net cash flows:					
Tax expense	-62	-202	-196	-180	-815
Depreciation and amortization	6 511	4 880	13 077	9 571	19 973
Impairment of intangible assets	-	-	-	-	13 726
Cash deposit for licence application	-	-	-	-	-4 000
Other adjustments for non-cash items and changes in operating assets and liabilities	3 153	7 660	2 089	6 354	7 152
Net cash provided by operating activities	**3 978**	**8 512**	**7 075**	**13 162**	**15 761**
Cash flows from investing activities:					
Purchases of intangible assets	-2 279	-2 512	-3 996	-4 634	-9 458
Purchases of property, plant and equipment	-1 190	-556	-3 553	-1 164	-2 511
Purchases of affiliates	-	-	-100	-500	-460
Cash flow from other investing activities	-	-	-	-260	43
Net cash used by investing activities	**-3 469**	**-3 068**	**-7 649**	**-6 558**	**-12 386**
Cash flows from financing activities:					
Proceeds from bond issue - net	-	-	-	-	-
Loan from related party	-950	-238	-1 455	-2 679	-682
Repayment of loans	-	-	-	-	-
Net cash provided by financing activities	**-950**	**-238**	**-1 455**	**-2 679**	**-682**
Translation loss	-49	156	-80	242	133
Fair value movements	-47	-24	-8	2	-15
Net increase (decrease) in cash	**-537**	**5 338**	**-2 117**	**4 169**	**2 811**
Cash and cash equivalents - beginning	13 016	10 616	14 596	11 785	11 785
Cash and cash equivalents - end	**12 479**	**15 954**	**12 479**	**15 954**	**14 596**

GiG OVERVIEW

VISION

"Opening up iGaming to make it fair and fun for all"

MISSION

"Have a stake in every fair online bet"

2012

GiG founded

2015

Listed on the Oslo Stock Exchange

2019

Dual-listing on Nasdaq Stockholm

~700 Employees

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

Licences n Malta, UK, New Jersey, Germany S-H, Sweden, Spain & Romania

Company profile

B2C Casino Brands

GiG's portfolio also consists of a B2C business with **four consumer-facing casino brands** focused on regulated and soon-to-be regulated markets, offering gaming experiences in the form of casino games, sports betting and poker tables: Rizk, Guts, Thrills and Kaboo.

"We are committed to developing products that are fair and fun for all."

B2B Solutions

Cloud-based platform providing a technical foundation to create a stable and secure iGaming solution, offering a variety of tools. All other solutions can be integrated and accessed through the platform, including third-party games and payment suppliers.

Game-developing studio offering direct integration onto the platform. Our in-house team of experts focuses on all aspects connected with game development and production, and is continually building games with improved user experience.

360-degree lead generation and digital marketing provider with global reach for the iGaming industry. Media makes use of betting and casino guide publishing, online media buy channels, proprietary ad-tech and digital agency work.

Fully hosted and managed sportsbook solution delivering a seamless omni-channel betting experience tailored for offline and/or online channels.

Managed services offering expertise and operational infrastructure to provide customers with everything they need to run an online casino or sportsbook.

WE ARE GIG

Gaming Innovation Group Inc. (“GiG” or “the Company”) is a technology company providing innovative and connected products and solutions throughout the entire value chain of the iGaming industry.

Founded in 2012, Gaming Innovation Group’s vision is “Opening up iGaming to make it fair and fun for all”. Throughout its ecosystem of products, services and solutions, GiG is connecting operators, suppliers and end users with the ambition of creating the best iGaming experiences in the world.

THE iGAMING VALUE CHAIN

Platform Services ↕ **Technical Platform** B2B

Content & Ancillary Services ↕ **Sports Betting, Games & Ancillary Services** B2B

Marketing ↕ **Media Services** B2B

Operators ↕ **In-house Gaming Operators** B2C

Managed Services B2B

GiG’s Business model:

GiG's in-house-developed products and services are present in the entire **iGaming value chain:**

Value Chain	Lead Generators	Platform Suppliers	Odds & Games Developers	Gaming Operators
What	Finding & referring end users to operators	Cloud-based platform services	Sports & Casino Services	In-house operators
Business model	Revenue share & fixed fees	Revenue share & fixed fees	Revenue share & fixed fees	Bets minus Wins
Customer	Gaming operators	Gaming operators	Gaming operators & platform suppliers	Direct end users
Business type	B2B	B2B	B2B	B2C
GiG Verticals	Media Services	Platform Services	Sports Betting Services & Casino Services	Gaming Operators

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