

# Gaming Innovation Group

Q3 2016

2 November 2016  
Robin Reed, CEO  
Tore Formo, CFO

# Highlights

- All time high revenues driven by organic growth
- Exceeded goal of 20 signed iGC clients by year end
- Betit acquisition completed in September
- Expect continued strong growth going forward

# Financial highlights

REVENUES

€14.5M

(50% Q/Q)  
(67% Y/Y)

COST OF SALES

€2.5M

(50% Q/Q)  
(67% Y/Y)

OPERATING EXPENSES

€11.0M

(51% Q/Q)  
(178% Y/Y)

EBITDA

€1.1M

(1.0M Q2-16)  
(0.0M Q3-15)

# GAMING INNOVATION GROUP

AN iGAMING ECO-SYSTEM



## APPLICATION ECONOMY

GAMING SERVICES PROVIDED



PAYMENT SERVICES PROVIDED



ANCILLARY SERVICES



## MARKETING



## CLIENT ECO-SYSTEMS

B2B CLIENTS



B2C BRANDS



## TECHNOLOGY



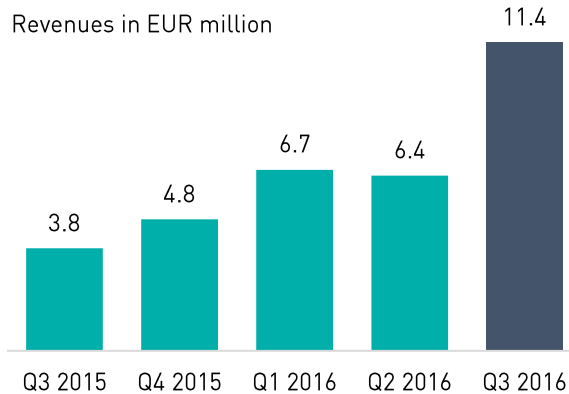


Operational update

# B2C

*The B2C segment include Gaming Innovations Groups gaming operators*

| EUR million    | Q3 2016 | Q3 2015 | FY 2015 |
|----------------|---------|---------|---------|
| Revenue        | 11.4    | 3.8     | 14.4    |
| Marketing cost | 5.4     | 2.0     | 7.8     |
| EBITDA         | (0.4)   | (1.1)   | (4.5)   |

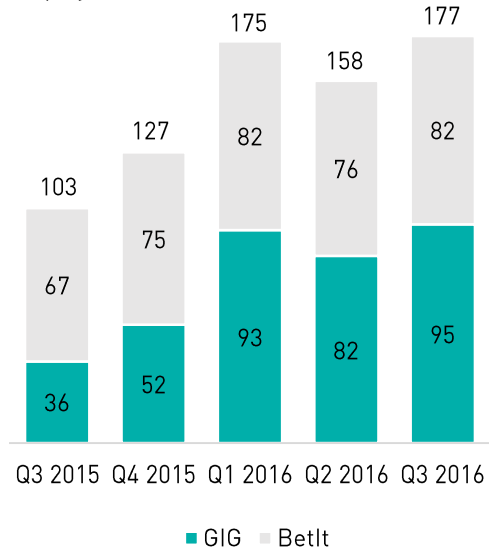


- BetIt included from September contributing with EUR 2.66 million in revenues
- RIZK outperforming expectations
- Preparing for 2017 roll-out in several new markets
- Applying for Danish gaming licenses
- Long-term ambition to create the leading Nordic Operator

# Continued strong trajectory

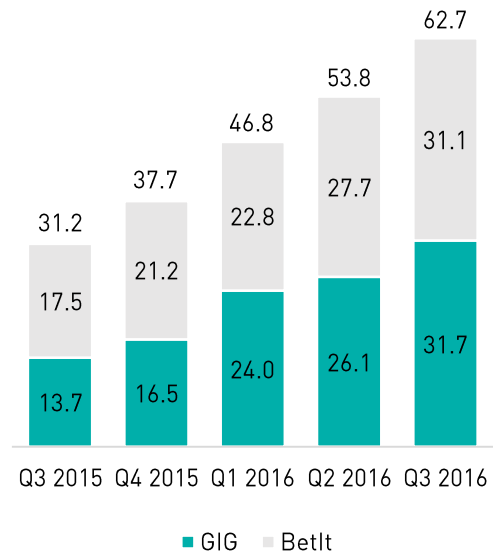
## Active real money players

1 000 players



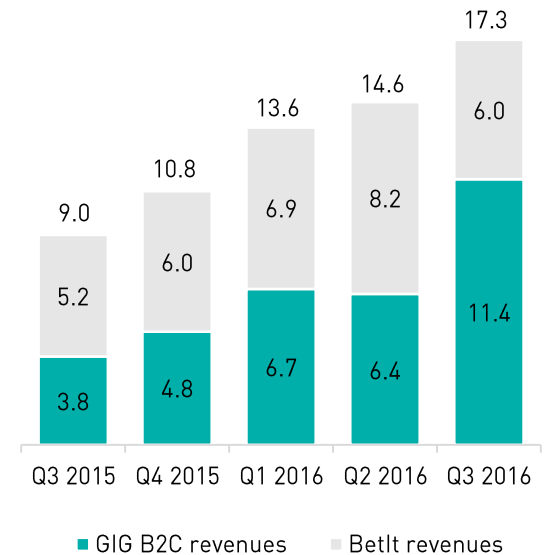
## Deposits

EUR million



## Pro-forma B2C revenues

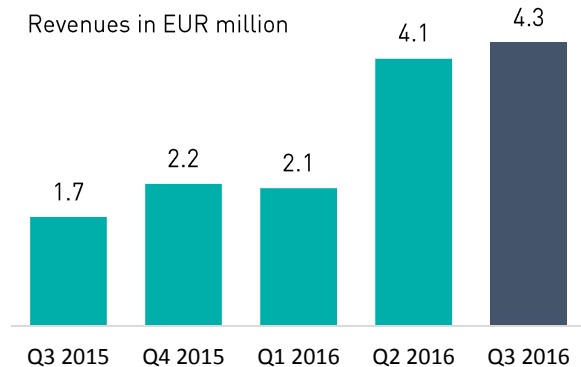
EUR million



# B2B

The B2B segment includes Gaming Innovation Groups cloud based services (iGamingCloud) and digital marketing services (Innovation Labs)

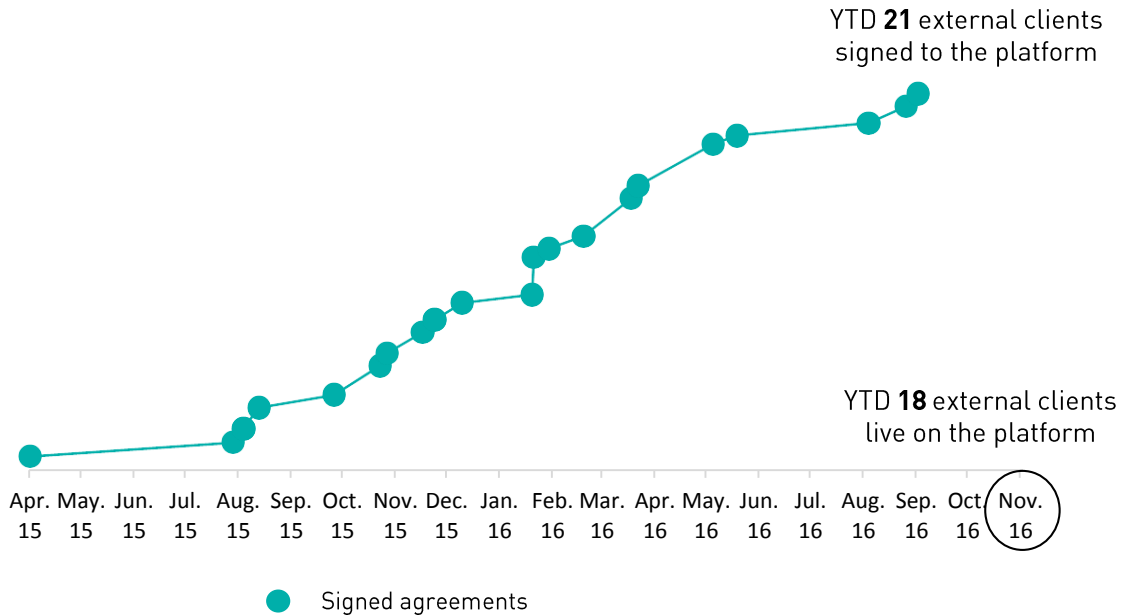
| EUR million | Q3 2016 | Q3 2015 | FY 2015 |
|-------------|---------|---------|---------|
| Revenue     | 4.3     | 1.7     | 4.9     |
| EBITDA      | 1.2     | 1.1     | 2.1     |



- GIG aims to be the leading cloud based service provider within iGaming
  - By offering a technological layer, enabling a sharing economy for the iGaming industry
  - 1.3 billion database transactions in ecosystem in Q3 (up from 983M in Q2)
- Currently earning from casino, sports, payment and messaging, as well as lead generation business models
- New services to be launched in 2017
  - GIG proprietary odds service



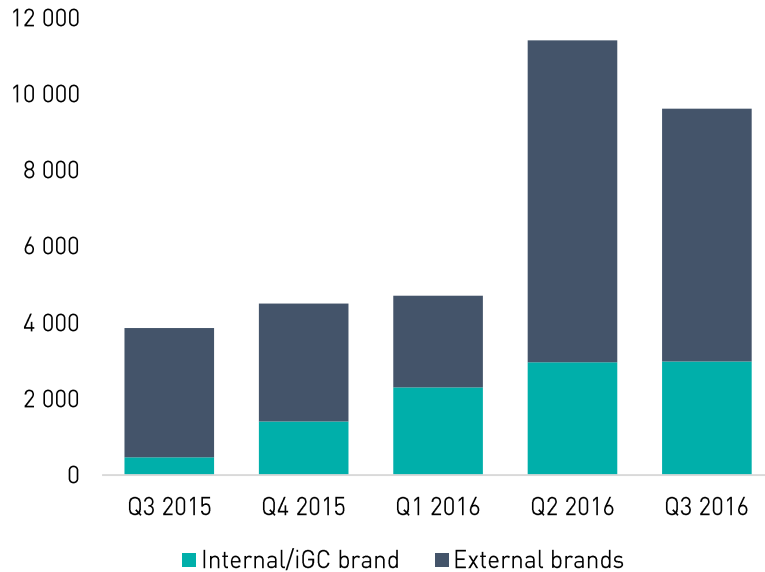
# Casino and sports services – iGaming Cloud



- From start-up to full scale platform in 1.5 years
- Exceeded YE 2016 goal of 20 clients
  - 18 clients live on the platform
- Significant revenue growth from current iGC clients going forward

# Marketing services – Innovation Labs

## Number of referred First Time Depositors



- Lead generation to the eco-system
- Focus on high value customers in Q3
  - Revenues up 10% Q/Q
  - Number of \*FTD's down 16% Q/Q

# Building an organisation to secure further growth

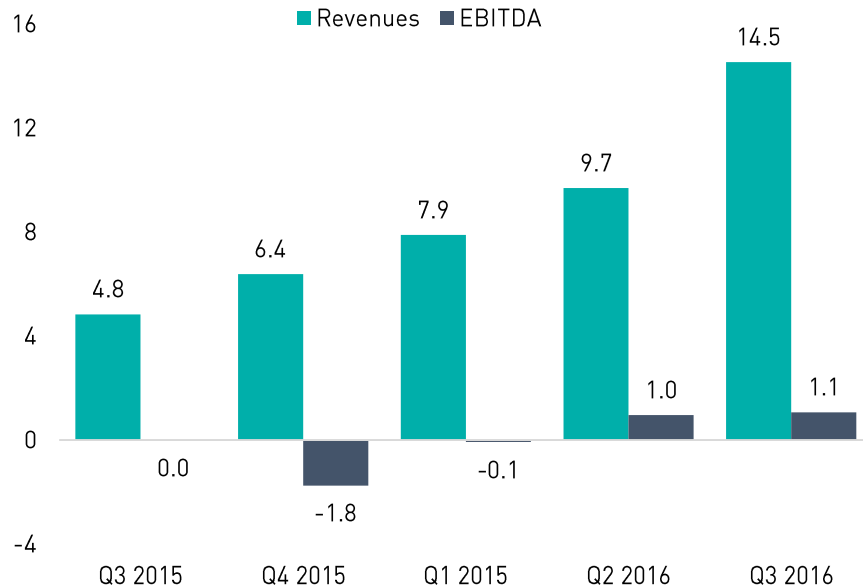
- Strengthening group management
  - Mikael Ångmann hired as Chief Operating Officer
- ~150 new employees in 2016 to meet demand and develop the company
  - 98 new employees from BetIt
  - 377 employees overall end of third quarter
- Significant in-house product innovation by highly skilled employees

The background is a solid teal color with a faint, white network pattern of interconnected nodes and lines. The nodes are circles of varying sizes, and the lines are thin and connect the nodes in a complex, web-like structure. The text "Financial update" is centered in the lower-left quadrant of the image.

# Financial update

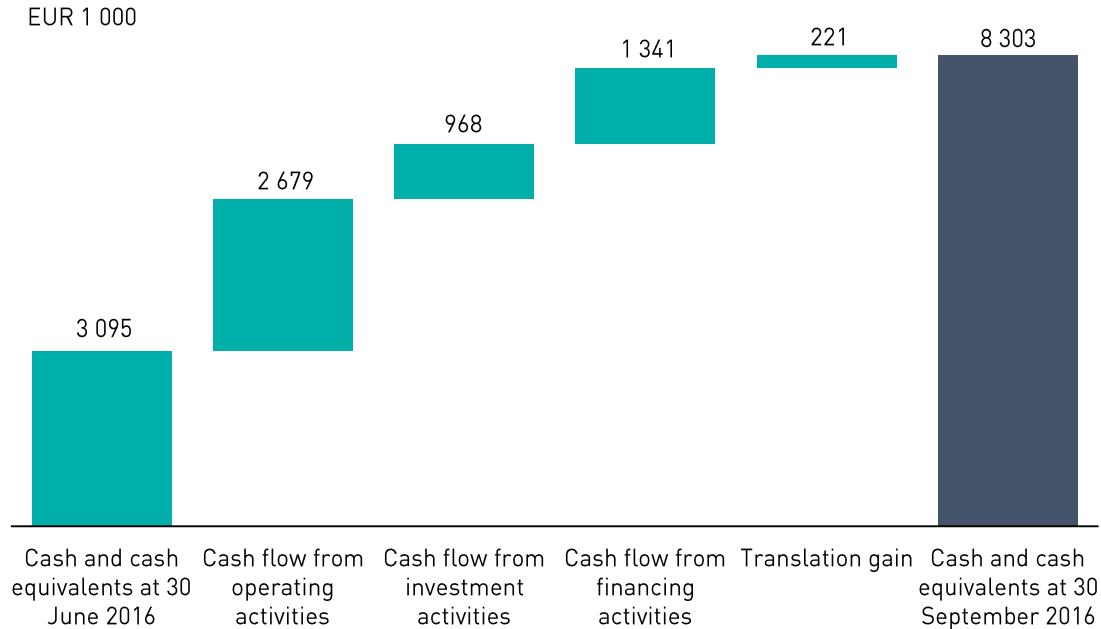
# Continued strong revenue growth

EUR million



- All time high revenues of EUR 14.5 million
  - EUR 2.7m from Betit (included from 1 Sept.)
- Positive EBITDA of EUR 1.1 million

# Cash Flow development

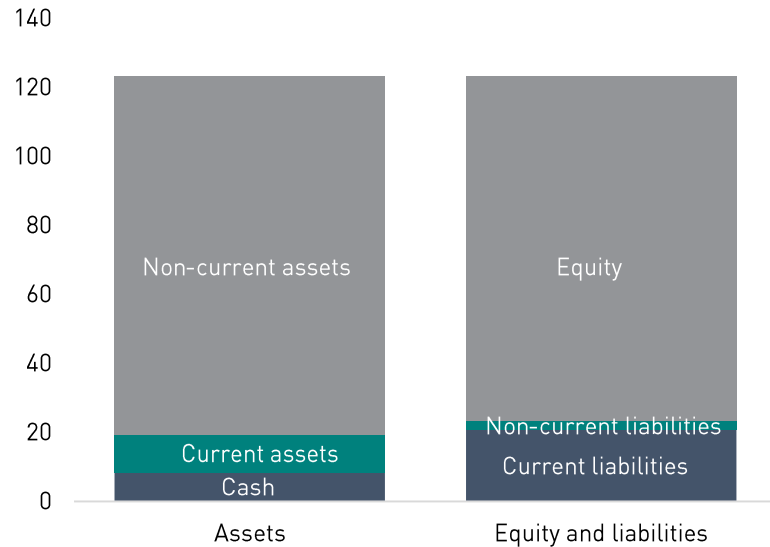


- Strong cash balance
- Cash generating operations
- Cash acquired on acquisition of a subsidiary undertaking
- Proceeds from loan EUR 1.22 million

# Financial position

## Balance sheet composition

EUR million



- Equity ratio of 81%
- Strong cash position



# Summary and outlook



# Outlook

- GIG now have highly competitive technological and commercial platforms
- Short-term focus on the successful integration of acquired staff
- Create a leading service provider for the iGaming industry
- Expects to exceed FY 2016 target of 100% revenue growth
- Expect 2017 revenues to exceed EUR 120 million

# Q&A



# Appendix

# Largest shareholders as of 1 November 2016

| <b>Shareholder</b>                    | <b># shares</b>    | <b>%</b>       |
|---------------------------------------|--------------------|----------------|
| Optimizer Invest Ltd.                 | 131 173 297        | 16.0 %         |
| Bryggen Holding AS                    | 100 610 127        | 12.3 %         |
| Super Innovative Limited (Robin Reed) | 61 134 881         | 7.5 %          |
| J.P. Morgan Chase Bank                | 59 396 800         | 7.3 %          |
| Hans Michael Hansen                   | 39 101 744         | 4.8 %          |
| Frode Fagerli                         | 35 575 785         | 4.3 %          |
| DNB Luxembourg nom.                   | 22 264 420         | 2.7 %          |
| GIG Share Options Ltd.                | 21 803 490         | 2.7 %          |
| Anders Berntsen                       | 17 210 772         | 2.1 %          |
| CMM Invest AS                         | 16 684 063         | 2.0 %          |
| Nordnet Bank AB                       | 15 849 557         | 1.9 %          |
| Flaxvatn Holding AS                   | 14 727 435         | 1.8 %          |
| G.F. Invest AS                        | 11 716 054         | 1.4 %          |
| Svenska Handelsbanken                 | 12 195 885         | 1.5 %          |
| Avanza Bank AB                        | 10 710 967         | 1.3 %          |
| Jussi Hietalahti                      | 8 200 149          | 1.0 %          |
| Mikko Halmela                         | 8 197 684          | 1.0 %          |
| Nordea Bank AB                        | 8 123 253          | 1.0 %          |
| Skabo Offshore AS                     | 6 900 000          | 0.8 %          |
| Foo Holding Ltd.                      | 5 000 000          | 0.6 %          |
| Other                                 | 211 979 903        | 25.9 %         |
| <b>Total issued shares</b>            | <b>818 556 266</b> | <b>100.0 %</b> |

# Income statement

| Condensed Statements of Operations in EUR 1 000 (Unaudited) | Q3 2016       | Q3 2015      | 9M 2016       | 9M 2015       | 2015          |
|---|---------------|--------------|---------------|---------------|---------------|
| <b>Revenues</b>   | <b>14 533</b> | <b>4 832</b> | <b>32 110</b> | <b>11 355</b> | <b>17 749</b> |
| Cost of sales   | 2 495         | 891          | 5 233         | 2 730         | 4 042         |
| <b>Gross profit</b>   | <b>12 038</b> | <b>3 941</b> | <b>26 877</b> | <b>8 625</b>  | <b>13 707</b> |
| Gross profit margin   | 83%           | 82%          | 84%           | 76%           | 77%           |
| Marketing expenses  | 5 149         | 1 891        | 12 086        | 3 903         | 7 670         |
| Other operating expenses                                    | 5 821         | 2 050        | 12 837        | 4 704         | 8 099         |
| Total operating expenses                                    | 10 970        | 3 941        | 24 923        | 8 607         | 15 769        |
| <b>EBITDA</b>   | <b>1 068</b>  | <b>0</b>     | <b>1 954</b>  | <b>18</b>     | <b>-2 062</b> |
| Depreciation & amortization                                 | 279           | 74           | 562           | 155           | 333           |
| <b>EBIT</b>   | <b>789</b>    | <b>-74</b>   | <b>1 392</b>  | <b>-137</b>   | <b>-2 395</b> |
| Other income (expenses)                                     | -650          | 203          | -781          | 861           | 337           |
| <b>Results before income taxes</b>                          | <b>139</b>    | <b>129</b>   | <b>611</b>    | <b>724</b>    | <b>-2 058</b> |
| Marketing in % of revenue:                                  | 35%           | 39%          | 38%           | 34%           | 43%           |
| Other operating in % of revenue:                            | 40%           | 42%          | 40%           | 41%           | 46%           |
| EBITDA in % of revenue:                                     | 7%            | 0%           | 6%            | 0%            | -12 %         |

# Cash flow

| In EUR 1 000                                 | Q3 2016 | Q3 2015 | 9M 2016 | 9M 2015 | 2015   |
|--|---------|---------|---------|---------|--------|
| Cash flow from operating activities          | 2 679   | 389     | 1 931   | 551     | -1 189 |
| Cash flow from investment activities         | 967     | -706    | -3 240  | -1 669  | -1 604 |
| Cash flow from financing activities          | 1 341   | 285     | 7 502   | 1 554   | 3 753  |
| Translation loss                             | 221     | -15     | 18      | -70     | -150   |
| Net change in cash and cash equivalents      | 5 209   | -47     | 6 211   | 366     | 810    |
| Cash and cash equivalents at start of period | 3 095   | 1 151   | 2 092   | 738     | 1 282  |
| Cash and cash equivalents at end of period   | 8 303   | 1 104   | 8 303   | 1 104   | 2 092  |

# Balance sheet

| Condensed Balance Sheet in EUR 1 000 (Unaudited)  | Q3 2016        | Q3 2015       | 2015          |
|---|----------------|---------------|---------------|
| <b>Assets</b>                                     |                |               |               |
| Goodwill  | 56 995         | 22 230        | 22 230        |
| Intangibles and other non-current assets          | 46 833         | 7 398         | 7 334         |
| Total non-current assets                          | 103 828        | 29 628        | 29 564        |
| Other current assets                              | 11 049         | 2 963         | 3 634         |
| Cash and cash equivalents                         | 8 303          | 1 104         | 2 092         |
| Total current assets                              | 19 352         | 4 067         | 5 726         |
| <b>Total assets</b>                               | <b>123 180</b> | <b>33 695</b> | <b>35 290</b> |
| Liabilities and shareholders' equity              |                |               |               |
| <b>Total shareholders' equity</b>                 | <b>99 771</b>  | <b>28 837</b> | <b>27 070</b> |
| Short term loans                                  | 3 695          | 2,655         | 2 031         |
| Other current liabilities                         | 17 027         | 2 203         | 4 648         |
| Total current liabilities                         | 20 722         | 4 858         | 6 679         |
| Long term loans                                   | 2 687          | 0             | 1 541         |
| <b>Total liabilities</b>                          | <b>23 409</b>  | <b>4 858</b>  | <b>8 220</b>  |
| <b>Total liabilities and shareholders' equity</b> | <b>123 180</b> | <b>33 695</b> | <b>35 290</b> |

# GAMING INNOVATION GROUP INC.

DELAWARE

Listed on the Oslo Børs

GAMING INNOVATION  
GROUP LTD.  
MALTA



## B 2 B

### AFFILIATE MARKETING

Innovation Labs Ltd.  
[ Malta ]



### CLOUD SERVICES

iGaming Cloud Ltd.  
[ Malta ]



### SPORTS TECHNOLOGY

OddsModel AS  
[ Norway ]

### SPORTS TRADING

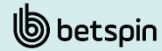
Gridmanager Ltd.  
[ Malta ]

## B 2 C

OPERATORS

### CANDID GAMING LTD.

[ Malta ]



### ZECURE GAMING LTD.

[ Malta ]



### MT SECURE TRADE LTD.

[ Malta ]



### BETIT HOLDINGS LTD.

[ Malta ]

