



# Q2 2020 Interim Report

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11 Aug 2020

# Today's presenters



**Richard  
Brown**

CEO



**Tore  
Formo**

Group CFO

# iGaming solutions based on innovative technology

GiG focusing strategy on ambition to become global Tier 1 B2B provider. Our strategy is centered on two customer focused business areas, supported by our group ambition for top performance and operational excellence



# GiG in brief



**~470**

Employees



**€65m** Approx.

Market cap



**Offices** in Malta,  
Denmark & Spain



**Dual-listed**  
on Oslo Børs and at  
Nasdaq Stockholm



**Global Platform**  
**Licenses:** Malta, UK,  
New Jersey & Iowa,  
Sweden, Spain, Romania,  
Croatia, Argentina (pending)



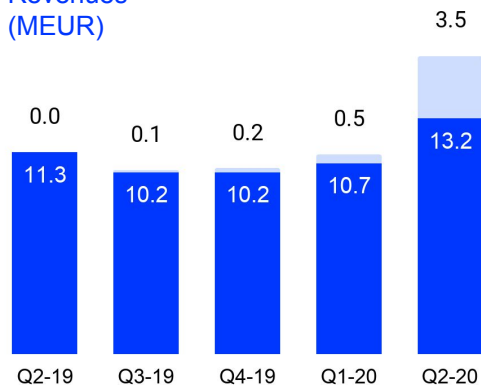
**Over 25** primary  
countries targeted by  
Media assets

# Key takeaways Q2 2020

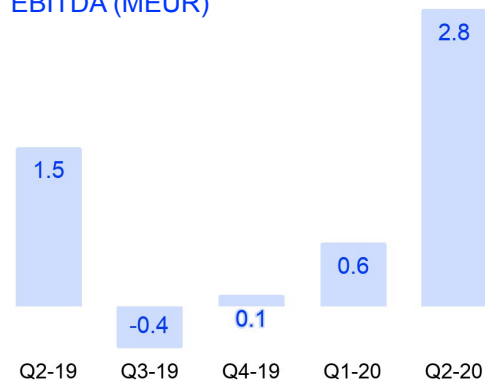
- Continued quarterly growth with revenues in Q2 2020 of €16.7m (11.3), 47% growth Y/Y and 49% Q/Q
- EBITDA in Q2 was €2.8m (1.5), 93% growth Y/Y and 382% Q/Q
- EBITDA margin of 17.0% (13.0%)
- EBITDA for Sports Betting Services improved to €-0.9m (-1.5) due to reduction in operating expenses by 44%
- B2C vertical was divested to Betsson effective on 16 April 2020, with Betsson as a new long term customer on Platform Services
- SEK 300M bond repaid
- Signed a long term agreement with GS Technologies for platform provision.

# Head figures development

Revenues  
(MEUR)



EBITDA (MEUR)



## Revenues

+47% Y/Y  
+49% Q/Q

## Revenues adj.

+16% Y/Y  
+23% Q/Q

## EBITDA

+93% Y/Y  
+382% Q/Q

\*Reported revenues includes revenues from Sky City, a platform client where GiG recognize the full operations in its profit and loss statement, and these revenues are partly offset by related cost of sales and site overheads.

# Strategic Update

## Significant growth opportunities

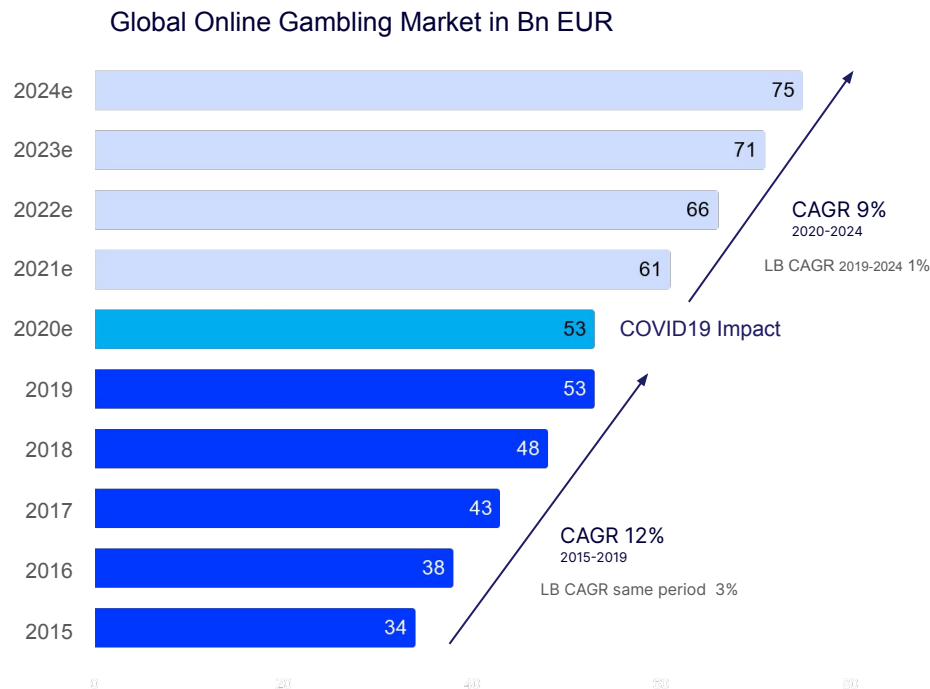
The global **online** gambling market is estimated to be worth €53 billion in 2019

Despite the COVID impact, market is still estimated to remain at the same levels in 2020 and to grow at a CAGR of 9%

### Key Drivers for Online Gambling Growth

- Market digital adoption and maturity
- Regulation

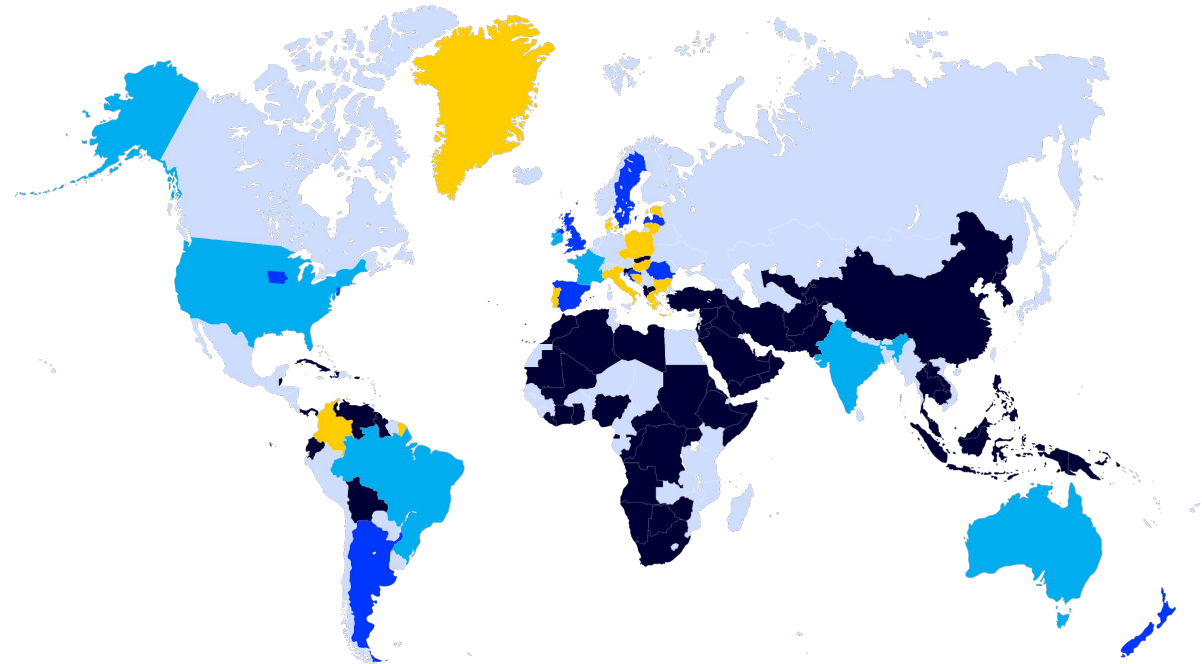
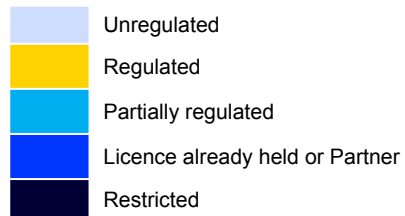
Source H2GC June 2020





# Positioned to capitalise on projected growth in regulated markets

GiG is well positioned via its Platform and Media business units to capitalize on the growth in the in the industry by positioning itself in high barrier to entry re-regulating and regulating markets where drive of offline to online is high potential



# Strengthening client base and future revenue

- Sales pipeline developing well despite delays in processes caused by Covid-19
- Signed long-term agreement with GS Technologies Limited for the provision of GiG's platform and front-end development to a new casino brand with its own license from Maltese Gaming Authority
- Signed K.A.K. DOO Skopje, one of North Macedonia's leading leisure groups, that will take the Le Grand Casino brand online.
- Signed platform agreement with leading iGaming specialist Mill of Magic/Casumo to power a new Pay N Play brand
- Signed a head of terms agreement with Grupo Slots, Argentina's premier gaming and entertainment group, to enter the regulated City of Buenos Aires online gaming market.
- Additional agreements are expected to be signed before the year end.

**Securing long term, recurring revenues in different geographies**

# GiG's core strengths are positioning us to capture our target market:

- **Platform:** providing Casino, Sportsbook and Data technology to Operators globally as well as full Managed Services capability
- **Media:** Successful track record in multiple markets sending traffic to leading iGaming operators

## GiG's Strengths

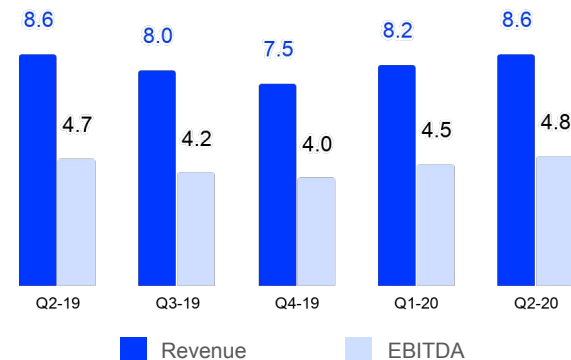
- End to End product and service solutions
- First class technology and product offering
- Operational knowledge and Experience
- Strong Track Record of Partnerships & Media Performance
- Omnichannel experience

# Business Update

# Media services

- GiG Media Services continued its growth and positive development in Q2. FTDs increased by 22% and revenues by 5% Q/Q
- Paid media continues to see quarter on quarter improvements with revenue up 27% YoY and 21% QoQ
- Google's algorithm update in May had a slightly negative effect on publishing. Was immediately addressed resulting in a positive trend
- FTD growth in Q2 driven by a more diverse geographical spread
- Affiliate license was granted for Colorado (US) - more states in process
- Switch of paid media over to casino enabled growth in the second quarter despite the closure of sports events
- Maintain focus on developing business outside our current core markets in 2020.

**Media Services**  
Revenue & EBITDA (MEUR)



**Media Services - FTDs**  
Split between publishing and paid

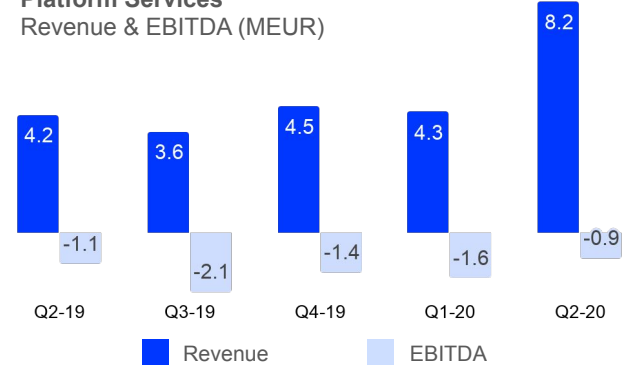


# Platform services

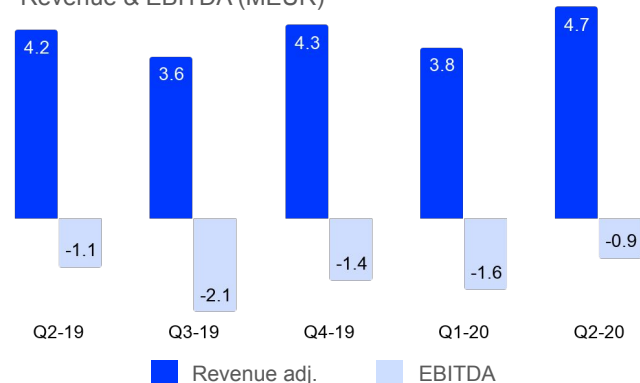
- Revenues for Platform Services were €8.2 (4.2) million in the second quarter 2020. Adjusted revenues\* were €4.7 (4.2) million, a 11% increase Y/Y and 22% Q/Q
- EBITDA for the second quarter 2020 was €-0.9 (-1.1) million, an improvement of 18% Y/Y and 41% Q/Q
- The sales pipeline is developing positively, however some of the final contract negotiations slowed as land based operators come to terms with actions around COVID-19 in Q2
- Signed 4 new agreements last 6 weeks
- 34 brands were operating on the platform during the quarter & 9 brands are in integration phase for launch

\*Reported revenues includes revenues from Sky City, a platform client were GiG recognize the full operations in its profit and loss statement, and these revenues are partly offset by related cost of sales and site overheads.

**Platform Services**  
Revenue & EBITDA (MEUR)



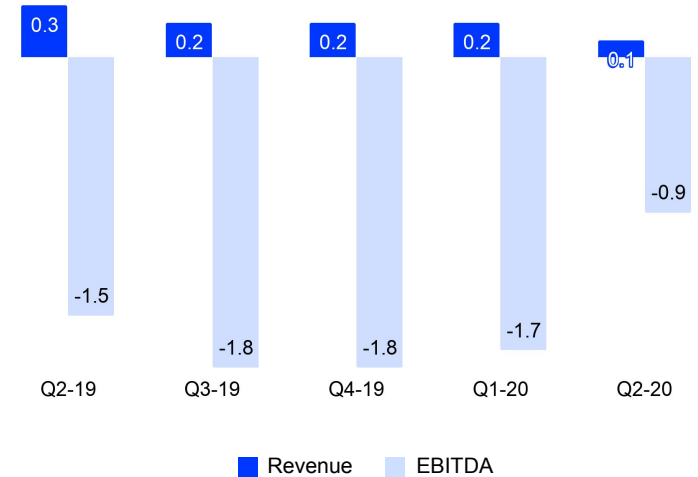
**Platform Services adj.**  
Revenue & EBITDA (MEUR)



# Sports betting services

- Revenues were impacted by the closure of sport events in the quarter due to COVID-19
- A restructuring initiative was rolled out in April to significantly reduce costs. Full effects will be seen in Q4-20
- EBITDA for Sports Betting Services improved to €-0.9m (-1.5) due to reduction in operating expenses by 44% Q/Q
- GiG aims to target emerging markets in conjunction with end to end platform solutions, including sports offering
- Move to make GiG's platform sportsbook agnostic and allowing customers the choice of sportsbook. Leading to enhanced sales and opportunities for the platform
- Progress being made with regards to integrations of third party solutions.

**Sports Betting Services**  
Revenue & EBITDA (MEUR)

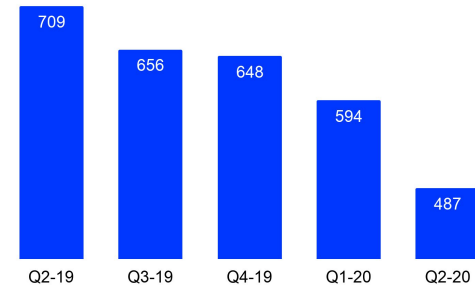


# Cost savings & initiatives

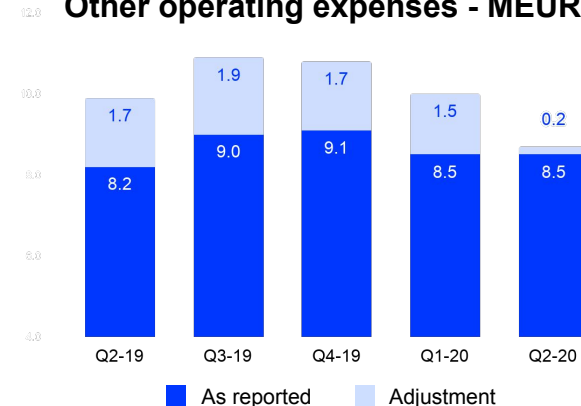
GiG continues to focus on cost control and optimise the Company to support the new focused B2B business.

- Tech costs down by ~33% QoQ as team begins infrastructure migration
- Continued decline in overall headcount in the quarter
- 63 headcount transferred to Betsson in April with additional staff supporting the Transition Service Agreement
- On a like for like basis adjusting for IRFS principles Opex was down 12% YoY and QoQ
- Other cost savings initiatives are progressing according to plan, which is expected to further reduce operating expenses by year end 2020.

Headcount – end of quarter



Other operating expenses - MEUR





## **Events after the quarter & Summary**

# Update after the quarter

- Signed three new long term customers onto the platform and one Sportsbook customers
- Two of which are land based casino groups in regulated markets, where GiG can provide omni channel offering and assist them with capturing emerging local markets of online gambling.
- Globally diverse new customers and trend continues as land based and retail business look to go online and regulation drives demand.
- In July revenues on adjusted basis were up 38% vs same period last year

# Summary

- Continued quarterly growth in both revenue and EBITDA despite reduction in sporting events
- Media business delivered growth in all KPI's, for second consecutive quarter, a testament to agility to react to situations
- The sale of B2C was finalised and GiG completed its strategic repositioning towards a fully focused B2B company
- Signed four new agreements - securing geographical, regulated & diversified recurring future revenue. The sales pipeline is strong and additional agreements expected in 2020
- Initiatives implemented to significantly reduce burn rate in Sports and place it in a sustainable long term position
- Revenue guidance for continued operations for 2020 is increased to €52-57M on an adjusted basis with an EBITDA range of €12-15M

**A diverse B2B Company well positioned for future growth in transformative online gambling industry**



# Q/A

# Appendix

# Largest shareholders 31 July 2020

1	7 603 559	8,4 %	Andre Lavold
2	6 800 000	7.6 %	Swedbank Robur Ny Teknik
3	6 154 552	6.8 %	Myrlid AS
4	4 896 125	5.4 %	Henrik Persson Ekdahl
5	3 880 999	4.3 %	Morten Hillestad Holding AS
6	3 509 128	3.9 %	Hans Mikael Hansen
7	2 699 324	3.0 %	Skandinaviska Enskilda Banken S.A. nom.
8	2 478 585	2.8 %	Stenshagen Invest AS
9	2 047 161	2.3 %	G.F. Invest AS
10	2 009 437	2.2 %	Kvasshøgdi AS
11	1 927 662	2.1 %	CMM Invest I AS
12	1 907 146	2.1 %	Ben Clemes
13	1 809 541	2.0 %	Saxo Bank A/S nom.
14	1 602 213	1.8 %	Digeelva Invest I AS
15	1 469 097	1.6 %	Frode Fagerli
16	1 407 745	1.6 %	Nordnet Bank AB nom.
17	1 342 136	1.5 %	Mikael Riese Harstad
18	1 278 684	1.4 %	Försäkringsaktiebolaget Avanza Pension
19	1 158 783	1.3 %	Nordea Bank Abp Denmark nom.
20	998 667	1.1 %	Nordnet Livsforsikring AS
<b>Top 20</b>	<b>56 980 544</b>	<b>63.3 %</b>	
Other	33 025 082	36.7 %	
<b>TOTAL</b>	<b>90 005 626</b>	<b>100.0 %</b>	

# Income statement

EUR 1 000 (Unaudited)

B2C included as discontinued operations

	Q2 2020	Q2 2019	6M 2020	6M 2019	2019
<b>Revenues</b>	<b>16 678</b>	<b>11 338</b>	<b>27 840</b>	<b>23 581</b>	<b>44 054</b>
Cost of sales	806	249	1 231	520	906
<b>Gross profit</b>	<b>15 872</b>	<b>11 089</b>	<b>26 609</b>	<b>23 061</b>	<b>43 148</b>
Gross profit margin	95%	98%	96%	98%	98%
Marketing expenses	4 504	1 393	6 180	2 890	5 272
Other operating expenses	8 528	8 223	16 999	16 392	34 432
Total operating expenses	13 032	9 616	23 179	19 282	39 704
<b>EBITDA</b>	<b>2 840</b>	<b>1 473</b>	<b>3 430</b>	<b>3 779</b>	<b>3 444</b>
Depreciation & amortisation	3 086	3 585	6 112	7 210	14 422
Amortisation of acquired affiliate assets	1 953	2 301	4 217	4 700	9 228
Impairment of intangibles	-	-	-	-	3 911
<b>EBIT</b>	<b>-2 199</b>	<b>-4 413</b>	<b>-6 899</b>	<b>-8 131</b>	<b>-24 117</b>
Financial income (expense)	-1 369	-3 314	-3 596	-4 471	-9 362
Unrealised exchange gain (loss) on bond	-1 514	1 275	1 062	2 177	1 140
Other income (expense)	2	-3	18	-33	-5
<b>Result before income taxes</b>	<b>-5 080</b>	<b>-6 455</b>	<b>-9 415</b>	<b>-10 458</b>	<b>-32 344</b>
Income tax refund (expense)	-96	-62	-156	-197	-627
<b>Loss from continuing operations</b>	<b>-5 176</b>	<b>-6 517</b>	<b>-9 571</b>	<b>-10 655</b>	<b>-32 971</b>
Income/(loss) from discontinued operations	-867	385	950	1 647	-31 720
Loss for the period	-6 043	-6 132	-9 621	-9 008	-64 691

# Balance sheet

EUR 1 000 (unaudited)

B2C included as discontinued operations	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>Assets</b>			
Goodwill	15 516	69 525	15 995
Intangibles assets	36 260	63 012	40 912
Deposits and other non-current assets	20 476	26 208	20 191
<b>Total non-current assets</b>	<b>72 252</b>	<b>158 745</b>	<b>77 098</b>
Prepaid and other current assets	33	54	3
Trade and other receivables	18 809	21 990	20 464
Cash and cash equivalents	7 508	15 196	4 557
<b>Total current assets</b>	<b>26 350</b>	<b>37 240</b>	<b>25 024</b>
Assets of discontinued operations held for sale	-	-	32 966
<b>Total assets</b>	<b>98 602</b>	<b>195 985</b>	<b>135 088</b>
<b>Liabilities and shareholders' equity</b>			
Total shareholders' equity	13 567	78 362	20 920
Trade payables and accrued expenses	33 590	31 583	24 940
Short term loans	-	619	-
Bond payable	3 462	27 674	30 035
<b>Total current liabilities</b>	<b>37 052</b>	<b>59 876</b>	<b>54 975</b>
Bond payable	34 149	38 148	36 908
Deferred tax liability	1 390	1 117	1 270
Other long term liabilities	12 444	18 482	12 496
Total long term liabilities	47 983	57 747	50 674
<b>Total liabilities</b>	<b>85 035</b>	<b>117 623</b>	<b>105 649</b>
Liabilities associated with assets classified as held for sale	-	-	8 519
<b>Total liabilities and shareholders' equity</b>	<b>98 602</b>	<b>195 985</b>	<b>135 088</b>



# Cash flow

In EUR 1 000

B2C included as discontinued operations	Q2 2020	Q2 2019	6M 2020	6M 2019	2019
Cash flow from operating activities	10 054	3 189	18 112	5 818	4 077
Cash flow used by investing activities	20 793	-3 469	17 786	-7 649	-10 501
Cash flow from financing activities	-28 967	2 446	-32 122	2 446	-7 897
Translation (loss)/gain	516	-49	-812	-80	-245
Fair value movements	-16	-47	-13	-8	-1 284
Net change in cash and cash equivalents	2 380	2 070	2 951	527	-15 850
Cash and cash equivalents at start of period	5 128	13 126	10 295	14 669	14 669
Cash and cash equivalents attributable to discontinued operations	-	-	-5 738	-	5 738
Cash and cash equivalents at end of period	7 508	15 196	7 508	15 196	4 557

## Legal disclaimer

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