# Q1 2021

Gaming Innovation Group Inc.
Interim Report

05 May 2021

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## Q1 2021 Interim Report

# Highlights

## Financial highlights

- Revenues in Q1 2021 were €18.3m (11.2), up 64%, all organic growth
- Normalised revenues* were €15.4m (10.7), an increase of 44%
- EBITDA in Q1 2021 was €4.6m (0.6), up 674%, normalised EBITDA margin increased to 29.6% (5.5%)
- Normalised revenues for Platform Services were €5.2m (3.8), an increase of 19% , with a positive quarterly EBITDA of €0.3m (-1.6)
- Revenues in Media Services at all-time high of €10.0m (8.2) in Q1 2021, an increase of 23%, EBITDA was €4.6m (4.5)
- EBITDA for Sports Betting Services was €-0.4m (-1.7) an improvement of €1.3m, driven by operating expenses reduction of 75%
- Positive EBIT of €1.3m (-4.7) in Q1 2021, an improvement of €6.0m

## Operational highlights

- Two new agreements were signed for Platform Services in the first quarter, with one new agreement signed so far in the second quarter
- Completed the development for five new brands, whereof three are live on the platform and the remaining pending the client's decision to launch, expected in Q2 2021
- Media Services continued its positive development in the quarter, with all-time high revenues and FTDs up 56% YoY, and 31% QoQ
- Completed the technical infrastructure and data migration project that was started in Q4 2019
- Awarded ISO 27001:2021 certification for its frontend development solution and content management system covering development, infrastructure, network configuration and associated product operations for frontend, middleware and backend Gaming services hosted on GiG's infrastructure

## Events after Q1 2021

- Signed an agreement for the provision of GiG's iGaming platform to power a new online casino for the European market, operating on its own license
- One brand went live early May, two additional brands are ready to go live, and the remaining integration pipeline stands at 10 brands as of today
- GiG Media delivered another all-time high in revenues in April, up 10% on Q1 2021 average with another all-time high in FTD's referred
- April has developed positively and normalised revenues are up 35% compared to the same period last year
- Initiated refinancing of the SEK 400 million bond that matures in June 2022

*Normalised revenues are adjusted for a platform client where GiG recognize the full operations in its financial statements

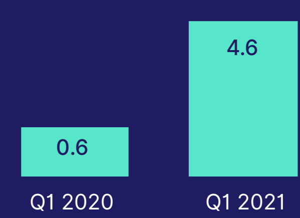
**€15.4m**
**Revenues (norm.)**
+44% growth

**€4.6m**
**EBITDA**
+674% growth

**29.6%**
**EBITDA margin (norm.)**
(5.5% in Q1 2020)

**Revenues - MEUR**


**EBITDA - MEUR**



# Letter from the CEO

**Dear Shareholders,**

The first quarter of 2021 saw another positive step forward for Gaming Innovation Group, with strong results driven from the work and strategic initiatives pushed through in the last 12 months. The Company delivered normalised revenue growth in excess of 40% with an EBITDA margin improving to 30% which enabled an EBITDA growth of 674%. Progress we are happy with overall, and look forward to continuing to grow towards our long term objectives.

The investment into Media, with new market entries combined with increasing footprint in several key markets, delivered all time highs in both revenue and FTDs, up 23% and 56% respectively, The paid media vertical continues to develop positively with greater scale, while maintaining its margins while increasing their player intake by 124%.

Perpetual revenue share accounted for 63% of earnings in the quarter, and around 95% of the new FTD intake having revenue share structures, either with full revenue share or hybrid deals. The large player database on revenue share structure secures future revenues and continues as a strong underlying growth driver.

The platform business made further progress as we completed the technical infrastructure migrations and focused on the SaaS business. Despite impact on short term revenues from the new German regulation implementation on the first quarter, and low contribution from the white label business, the underlying and focused SaaS business performed well enabling QoQ growth of 6%.

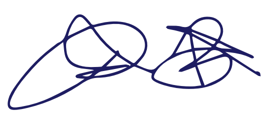
The onboarding program started to ramp with three brands live in the first four months of 2021 with two additional brands in pre-launch (development complete) phase. We continue to secure future revenue growth with three additional contract signings, two for European regulated markets and an exciting new brand entrant into the US casino market with the first state being New Jersey, leveraging GiG's previous experience and US tailored product.

## "A strong start to the year"

The Company has executed on our first phases as B2B only plans with success in 2020, and we start 2021 with strong YoY growth, delivering a markedly improved and positive EBIT of €1.3m for the quarter, another milestone along the way to achieve our financial targets and working towards bringing further shareholder value.

The business and the team continue to work exceptionally hard to continue to deliver, and with a relentless dedication to improve the business, striving towards its future potential. We have a media business that is again starting to deliver exciting growth prospects and global igaming platform business that is beginning to scale forward.

A strong start to the year, but this continues to be just the foundations of what is possible to achieve with this business over the coming years and what we as a group are targeting long term.



**Richard Brown**
CEO

# Summary and outlook

Gaming Innovation Group Inc. (GiG) continued its positive development in the first quarter 2021, with normalised revenues of €15.4 (10.7) million and an EBITDA of €4.6 (0.6) million resulting in a normalised EBITDA margin of 29.6%.

## Platform Services

Platform Services delivered quarterly growth in the first quarter, and normalised revenues were €5.2 (3.8) million, a 19% increase YoY and 6% QoQ. EBITDA was positive in the first quarter 2021, and ended at €0.3 (-1.6) million, a 120% growth or €1.9 million improvement YoY. The new German regulations implemented during the fourth quarter 2020 continued to impact the clients' GGR, with an estimated negative effect on GiG's revenues of €0.6 million compared to the previous quarter. The downside in the German market is limited and a slow growth is now expected going forward. GiG is confident that with the additional clients signed and the size of post regulated German market will result in longer term upside for GiG.

Two clients went live in the first quarter with another brand so far in the second quarter, and two pending the clients' launch, expected in Q2. The number of live brands on the platform has increased from 21 year-end 2020 to 24 as of today, with the integration pipeline standing at 12 new brands. The onboarding of new clients is impacted by issues outside of GiG's control, such as delays in the license processes in some jurisdictions and client related issues. The delays will not affect the expected long-term growth for Platform Services.

Two new contracts were signed in the first quarter with one additional signed so far in the second quarter 2021. The first signing was PlayStar in New Jersey, the first state of their US journey, and GiG is pleased to use the development and performance achieved over the past years in the US to expand further in the important US market. GiG sees a continued strong demand for its platform services, and has a strong sales pipeline.

## Media Services

Media Services delivered all-time-high revenues of €10.0 (8.2) million in the first quarter 2021, continuing the positive development seen over the past year. This is a 23% increase YoY and 12% QoQ. Paid media continues to see quarterly improvements with revenues up 76% YoY and 22% QoQ. EBITDA for Media Services ended at €4.5 (4.0) million for the quarter, an 3% increase YoY and 7% QoQ.

First Time Depositors (FTD) ended at an all-time-high of 43,712 in the first quarter, a 56% increase YoY and 31% QoQ. Paid Media sees the strongest growth, and Publishing sees continued positive developments after the Google update in December.

The increase in player intake anticipates further revenue growth going forward and Media Services will continue its global expansion to capture new growth opportunities in both Publishing and Paid Media. GiG is confident that this segment will continue to develop positively and show robust performance in 2021.

| | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| Revenues | 18.3 | 11.2 | 63.0 |
| *Normalised revenues* | *15.4* | *10.7* | *52.2* |
| Gross profit | 17.5 | 10.7 | 60.1 |
| Marketing expenses | 4.7 | 1.7 | 14.9 |
| Operating expenses | 8.2 | 8.5 | 34.4 |
| EBITDA | 4.6 | 0.6 | 10.7 |
| EBIT | 1.3 | -4.7 | -8.7 |
| Income/(loss) from discontinued operations | -0.1 | 1.8 | -1.8 |
| Net results | 2.1 | -2.6 | -17.7 |
| EPS (EUR) | 0.02 | -0.04 | -0.20 |

## Sports Betting Services

The first quarter of 2021 was the first with the Betgenius partnership fully implemented into operations. Five brands operated with GiG sportsbook, with an additional four in the pipeline for integration in 2021. Revenues were €0.2 (0.2) million in the first quarter.

The restructuring of Sports Betting Services in 2020 resulted in a 75% YoY reduction in operating expenses and EBITDA ended at €-0.4 (-1.7) million, an improvement of €1.3 million YoY. With the new sustainable cost base and the partnership with Betgenius, Sports Betting Services is positioned to take on new clients and grow in online gambling’s largest vertical.

## Outlook and guidance

Platform Services continue to sign new clients and with a current strong pipeline, further agreements are expected to be signed in 2021. The onboarding of new SaaS clients is ongoing, securing recurring revenues from 2021 and onwards from new regulated markets. Combined with a sustainable cost base, margin improvements are expected going forward.

Media Services has seen a strong performance over the past quarters, and the growth in player intake sustains further growth in this segment. Of the new FTDs in the quarter, 95% were on revenue share or hybrid deals, increasing GiG’s large player database with perpetual revenue share. The player database is a strong underlying growth driver, and together with the growth for Paid Media and increased geographical diversion, GiG expects continued sustainable future revenue growth for Media Services.

GiG will continue its focus on cost control, execution and global expansion and the multitude of actions taken in 2020 has positively impacted operations and will drive results going forward. Client onboarding is picking up and after completion of the strategic review, the Company is set to continue to expand its footprint in both Platform and Media. GiG is very pleased with the overall development over the past year, and expect to grow further in 2021.

GiG’s long-term financial targets remains:

| | |
|---|---|
| **Growth:** | To deliver an annual double digit organic revenue growth. |
| **Profitability:** | To achieve an EBITDA margin in excess of 40% by 2025. |
| **Leverage** | Cash generated from the business will be used to lower leverage ratio while continually pursuing growth opportunities in the rapidly growing iGaming sector. |

# Financial highlights

Gaming Innovation Group Inc. (GiG) reported revenues of €18.3 (11.2) million in the first quarter 2021. Reported revenues includes revenues from a platform client where GiG recognizes the full operations in its profit and loss statement, and these revenues are partly offset by related cost of sales and site overheads. Adjusted for these revenues, normalised revenues were €15.4m (10.7), a 44% increase year-over-year and 9% above the fourth quarter 2020.

Marketing expenses were €4.7 (1.7) million in the first quarter 2021. Marketing expenses included €2.3 (0.4) million as site overhead expenses related to the platform client, and the €2.4 (1.3) million balance is mainly related to GiG's paid media operation, a 82% increase year-over-year and a 36% increase from €1.8 million in the fourth quarter 2020.

Other operating expenses amounted to €8.2 (8.5) million in the first quarter 2021, a decrease of 3% year-over-year. Continued investments into the development of new technology resulted in capitalized salaries of €1.9 (1.2) million.

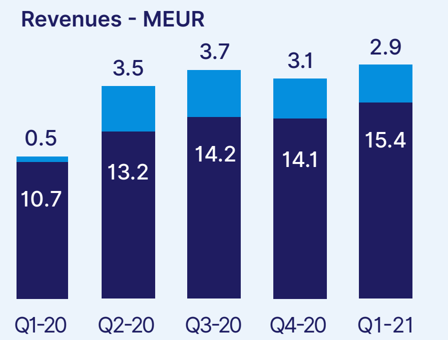
EBITDA was €4.6 (0.6) million, corresponding to a normalised EBITDA margin of 29.6% (5.5%).

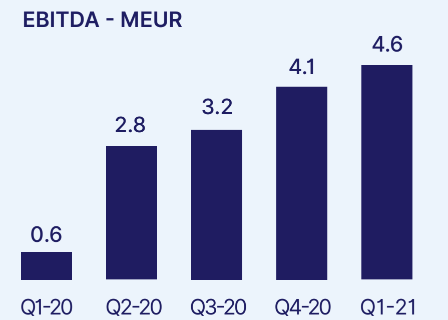
Depreciation and amortisation amounted to €3.2 (5.3) million in the first quarter 2021, a 39% reduction from the first quarter 2020. €1.1 (2.0) million relates to amortisation of assets from affiliate acquisitions. The remaing life for acquired affiliate domains has been changed in the first quarter, reducing amortisation by €0.4 million compared to previous quarters.

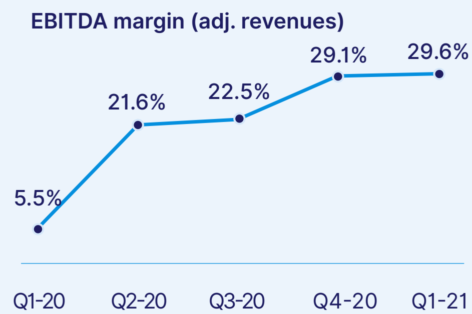
EBIT was positive at €1.3 (-4.7) million, an improvement of €6.0 million (up 128%).

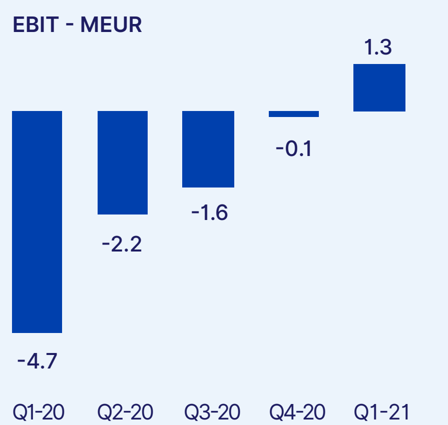
Net other income was negative €-0.6 (0.4) million in the first quarter 2021 and included an unrealized gain of €0.8 (2.1) million related to the bond due to the change in the SEK/€ exchange rate in the quarter.

Profit from continued operations were €2.2 (-4.4) million, a 150% improvement compared to the first quarter 2020. Loss from discontinued operations were €-0.1 (1.8) million and the net result in the first quarter 2021 ended at €2.1 (-2.6) million.



# Operational review

## Platform Services

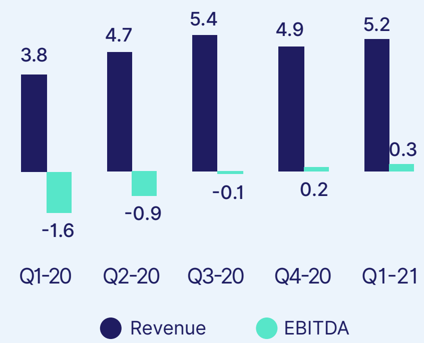
Platform Services comprise the technical platform and the front end, and other managed services such as player safety, customer support and CRM.

The sales pipeline has developed positively during the past year, with a total of 14 new agreements signed in 2020 and three so far in 2021:

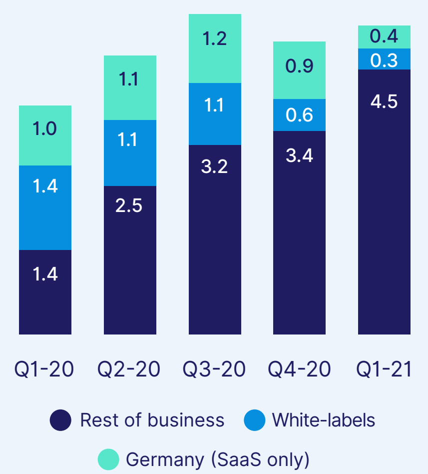
- In February a long-term agreement was signed with PlayStar NJ LLC, for the provision of GiG's iGaming platform technologies to power the brand's launch in the regulated US market. PlayStar Casino will use GiG to power its new casino offering to enter the limited license New Jersey market. The agreement is based on a revenue share model and has a minimum duration of four years with expected launch by the end of 2021.
- In March, a long-term agreement was signed with an established German facing iGaming operator, where GiG's iGaming platform will power the company's new online casino. The agreement is based on a revenue share model and has a minimum duration of four years with expected launch in Q3 2021.
- Subsequent to the first quarter, an agreement for the provision of GiG's iGaming platform to power a new online casino with the same ownership as an existing partner was signed. The new casino will operate under a separate entity with its own license, and the agreement is based on a revenue share model with a minimum duration of four years with expected launch in Q4 2021.
- Also in April, GiG agreed to terminate the platform agreement with a European media group that was entered into in December 2020, as changes in strategy on the media group's approach towards operating on their own license has created a situation where the partnership was no longer viable for either party to move forward.

GiG focuses on security in all aspects of its operations,  and the Core platform (incl. Logic) was ISO 27001 certified in September 2018 and the Data Platform in September 2019. In February 2021 GiG was awarded ISO 27001:2021 certification for its frontend development solution and content management system, covering development, infrastructure, network configuration and associated product operations for frontend, middleware and backend Gaming services hosted on GiG's infrastructure. The GiG Sports platform is expected to gain ISO 27001 registration by the end of 2021, at which point all elements of the Platform tech stack will be certified, further demonstrating GiG's commitment to security to its clients.

**Platform Services**
Normalised revenue & EBITDA - MEUR




**Platform Services**
Revenue split (MEUR)



GiG continues to adopt a strategy of technology refresh by removing technical debt on an ongoing basis as well as development required to enter new regulated markets. This ensures that GiG's technology is designed to scale for the future. GiG continues to break up legacy elements of the technology stack into MicroServices, significant progress was made in the areas of payments and KYC with deployments of new modules during the quarter. In addition the legacy Data Warehouse V1 was decommissioned with all clients now on the real time event driven V2 which was first deployed in Q1 2020 starting with new clients with existing clients migrated during Q4 2020. The completion of migration out of the cloud project was complete during Q1 2021 with annualised savings of €3.2 million.

### Integration pipeline

2021 started with an integration pipeline of 14 brands, consisting of various clients ranging from existing online clients adding additional brands to larger land based casinos going online in new regulatory environments. Increasingly complex licensing procedures as regulators do enhanced due diligence on operators and effects of COVID-19 continue to impact and delay the onboarding process, resulting in later live dates than previously anticipated. As an example, the process for a MGA license is now estimated at 4-6 months while previously it was 2-3 months. These are often issues outside of GiG's control and result in delays although development work are completed by GiG.

It is expected that some clients will be further delayed, and GiG is in dialogue with certain clients regarding the structure of the agreements. GiG continues to work and focuses on improving time to market and the number of regulated environments it will work on, and the current pipeline is expected to be onboarded in 2021.

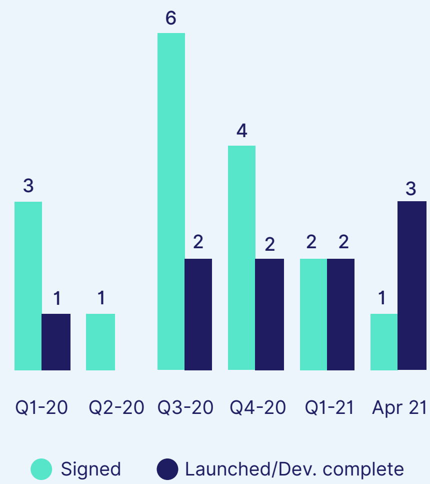
### Brands on the platform

So far in 2021, GiG has completed the development for five new brands, whereof three are live on the platform and the last is pending the client's decision to launch, expected in Q2 2021. One client also converted from a white-label to a Software-as-a-Service (SaaS) agreement in the first quarter. 24 brands are now operating on the platform, whereof two remaining on white-label agreements. These are in process of converting into SaaS agreements, pending regulatory issues.

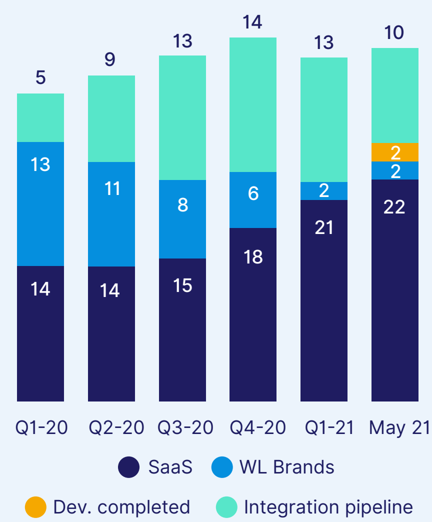
Two new customers signed in the first quarter 2021, one has signed subsequent to the quarter and one agreement has been terminated due to licence related issues. The integration pipeline stands at 12 brands, including two that are development complete, pending clients' launch. Existing customers and the signed pipeline adds up to a total of 36 brands to operate on the platform when all are onboarded.

GiG's platform is now certified in 10 regulated markets, with another 7 being added through the pipeline.

#### Integration pipeline




#### Brands on the platform



### Revenues and EBITDA

Revenues for Platform Services were €8.1 (4.3) million in the first quarter 2021. Included are revenues from a platform client where GiG recognizes the full operations in the profit and loss statements and these revenues are partly offset by related cost of sales and site overhead expenses. By assuming standard white label agreement accounting principles, normalised revenues for Platform Services were €5.2 (3.8) million, a 36% increase year-over-year and 6% quarter-on-quarter. SaaS and other revenues saw a quarter-over-quarter growth, despite a negative impact of around €0.6 million from Germany. Revenues from white-labels decreased by €0.9 million year-over-year (€0.2m QoQ).

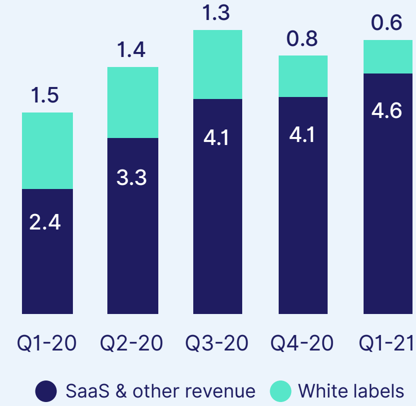
EBITDA for the first quarter 2021 was €0.3 (-1.6) million, an improvement of 120% or €1.9 million year-over-year. Tech costs for Platform Services reduced by 59% (€0.9 million) year-over-year, and the termination of white-label clients had a further positive effect on operating expenses.

Aggregated gross gaming revenue (GGR) through the platform in the first quarter was €86 (73) million, an 18% increase year-on-year and 8% decrease quarter-over-quarter. The decline is mainly due to the German market.

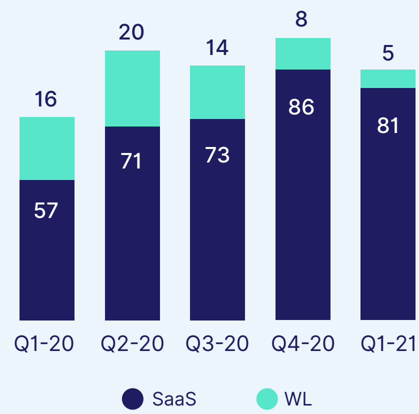
### Strategy

GiG is well positioned as a turnkey and fully managed service provider across the main verticals in iGaming, including fully managed services. All products and services can also be sold separately as modular sales. The addressable market is large and GiG can partner for the long term to support growth in the digital space and/or a digital transformation from a land-based operation to an online presence with a Software-as-a-Service. Target markets are regulated or soon-to-be regulated markets. Platform Services has achieved a sustainable cost level to onboard 10-15 new clients per year, with limited additional cost needed when new clients are operational on the platform, which should yield a higher operational margin when revenues increases.

**Platform Services**
Revenues norm. (MEUR)




**Platform Services**
Aggregated GGR - MEUR



# Media Services

Media Services experienced positive developments in the quarter, with all-time-high revenue, up 23% year-over-year and 12% quarter-over-quarter, all organic. Player intake was strong, with FTDs up 56% year-on-year, and 31% quarter-over-quarter.

GiG continued to diversify the media business to drive sustainable long-term revenue growth. Paid Media channels launched in seven new markets in the quarter and Publishing continued to build up market presence in countries outside current core markets, increasing the global footprint.

The positive organic development in Publishing in the latter part of 2020 resulted in a subsequent increase in player intake that drives revenue growth. More than 60% of the revenues generated comes from revenue share, reflecting the strategy to drive sustainable long-term growth.

Paid Media continues to see quarter-on-quarter improvements with all-time high revenues and FTDs in the first quarter, driven by global expansion across both sports and casino. Revenues were up 76% year-over-year and 22% quarter-over-quarter with FTDs up 124% and 75% respectively. The marketing spend has increased significantly to diversify and invest in a broader composition of markets and grow revenue longer-term.

Media Services successfully obtained a sports betting vendor registration from the Virginia Lottery in the quarter, enabling it to promote sports betting operators in the state of Virginia, US. It also secured an iGaming registration from the West Virginia Lottery, and as a result, it is now able to promote both casino and sports betting operators in West Virginia. Media Services now have nine licences in the US, and is present in 11 US states, all of which contributes to its continued expansion in the highly attractive and growing US market.

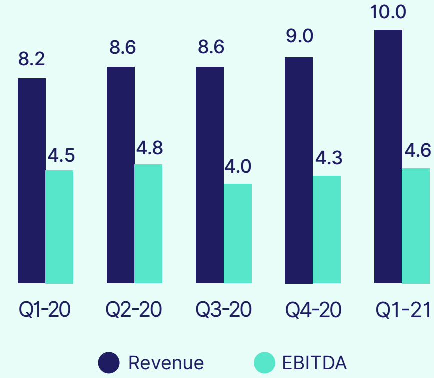
GiG's proprietary compliance tool, GiG Comply, signed four new clients in the first quarter and re-signed three existing clients marking a strong quarter for GiG Comply. The outlook for GiG Comply is positive given the focus on compliance in the industry.

### Revenues and EBITDA

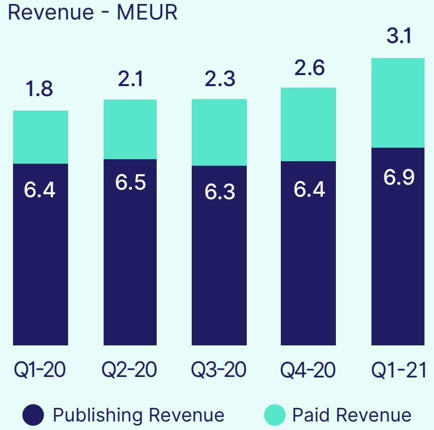
Revenues for Media Services were €10.0 (8.2) million in the first quarter 2021, a 23% increase year-on-year and 12% increase compared to the fourth quarter 2020. Paid Media represented 31% (22%) of Media Services' revenues in the first quarter.

EBITDA was €4.6 (4.5) million, an increase of 3% year-over-year and 7% quarter-on quarter. The EBITDA margin was 46% (55%). After the sale of B2C, the allocation of corporate overhead expenses was revised, affecting Media Services negatively with around €0.4 million in the first quarter 2021 when compared to the same period in 2020.

**Media Services**
Revenue & EBITDA - MEUR




**Media Services**
Revenue - MEUR



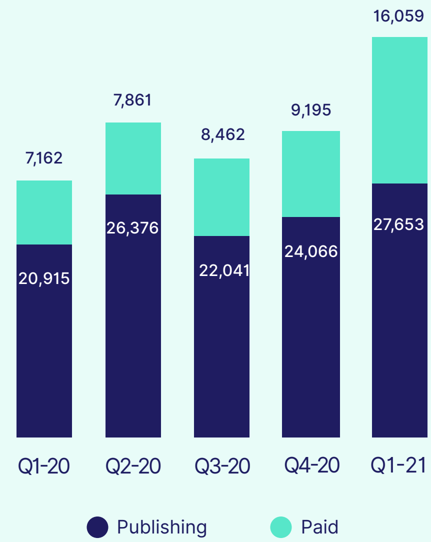
Marketing expenses includes Paid Media's "pay-per-click" costs, and were €1.6 (0.6) million in the first quarter 2021, a 147% increase, reflecting the growth in Paid Media. With around 95% of the FTDs referred on revenue share agreements, the investment will yield future revenues. Given the substantial growth and further potential within Paid Media in conjunction with new market openings via regulation, GiG sees a strong area to invest to capitalize on the future potential in this business area.

63% (63%) of revenues in the first quarter 2021 derived from revenue share agreements, 17% (12%) from CPA (Cost per Acquisition), 19% (23%) from listing fees and 1% (2%) from other services

### FTDs

Media Services referred 43,712 (28,077) new FTDs (First Time Depositors) to operators in the first quarter 2020, a 56% increase year-on-year, and a 31% increase over the previous quarter. Both Publishing and Paid had an increase in FTDs in the quarter.

**Media Services - FTDs**




### Strategy

Media Services will continue to expand its global footprint in order to diversify its revenue base on a market level and capture new growth opportunities in both Publishing and Paid Media. After a period with focused cost optimisation GiG Media has a focus on growing top-line revenue developing business further outside current core markets while defending current core markets. GiG Media is optimising the creation of traffic, the conversion of traffic and the monetisation of players generated while optimising SEO, content management and tech development.

Paid Media represents an important longer term growth opportunity due to regulation, as regulated markets allow using the paid channel to attract new players. This adds to the future potential for Media Services as more markets regulate allowing the business to scale into new markets in across various channels and digital advertising platform.

The second quarter 2021 started positively with player intake in April at all-time-high, up 8% compared to Q1 2021 average.

## Sports Betting Services

GiG entered in 2020 into a strategic partnership with Betgenius, part of Genius Sports, creating a fully-integrated sportsbook and platform solution for operators in regulated markets around the world. The offering brings together GiG's platform technology with Betgenius' end-to-end live data, trading and risk management services. Betgenius has taken on all day-to-day sportsbook management operations, including fully customisable pricing for pre-match and in-play sports, and the new structure was fully integrated in the quarter.

Four clients were live with the sportsbook in the first quarter of 2021, with an additional four in the integration pipeline. The combined turnover was €21.4 (23.7) million in the quarter, a 10% decrease over the previous quarter.

Revenues from Sports Betting Services were €0.2 (0.2) million in the first quarter 2021. Operating expenses in Sports Betting Services reduced significantly, down 75% from the first quarter 2021, due to the initiatives taken in 2020 to reduce costs. This resulted in an EBITDA of €-0.4 (-1.7) million, a 79% improvement from the first quarter 2020.

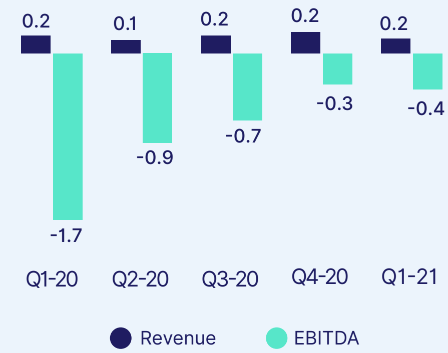
### Strategy

The strategic decisions made in 2020 have placed Sports Betting Services in a sustainable position for growth and strategic partnerships, and the ambition is to gradually grow with existing and new long term partners. GiG is one of the few B2B providers present with omni-channel online gambling services across both casino and sportsbook. The in-house sportsbook offering complements the overall product portfolio, and the vertical can play an important part to secure new clients in GiG future growth prospects.

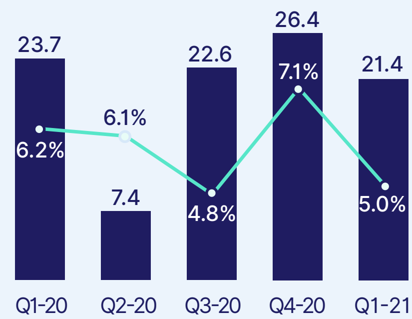
## B2C Gaming Operators

GiG's in-house gaming operators; Rizk.com, Guts.com (and gutsXpress.com), Kaboo.com and Thrills.com were divested effective from 16 April 2020. The B2C segment is reported as a discontinued operation, see note 6 on page 24 for more details.

**Sports Betting Services**
Revenue & EBITDA - MEUR




**Sports Betting Services**
Turnover (MEUR) and margin



# Financial review

*GiG divested its B2C operations effective on 16 April 2020. In accordance with IFRS 5, the B2C financial results are reported as a discontinued operation in the Company's financial statements for the full year 2020 and for the quarters ending 31 March 2020 and 2021 (see note 6 on page 24).*

## First Quarter 2021

### Revenues

Consolidated revenues amounted to €18.3 (11.2) million in the first quarter 2021, an increase of 64% from the first quarter 2020, and an increase of 6% from EUR 17.3 million in the fourth quarter 2020. Reported revenues include revenues from a platform client where GiG recognizes the full operations in the profit and loss statements and these revenues are partly offset by related cost of sales and site overhead expenses. Adjusted for these, normalised revenues were €15.4 (10.7) million, a 44% increase year-over-year and up 9% compared to EUR 14.1 million in the fourth quarter 2020.

### Cost of sales and gross profit

Cost of sales amounted to €0.8 (0.4) million in the first quarter 2021. This resulted in a gross profit of €17.5 (10.7) million in the first quarter 2021, an increase of 63% and a gross profit margin of 95% (96%). Adjusted for the platform client, cost of sales was €0.2 (0.3) million, resulting in a gross profit of €15.2 (10.4) million and a gross profit margin of 99% (97%).

### Marketing expenses

Marketing expenses were €4.7 (1.7) million in the first quarter 2021. Adjusted for site overhead expenses related to the platform client, marketing expenses were €2.4 (1.3) million in the quarter, an increase of 82%. Normalised marketing expenses' share of normalised revenues were 16% (13%). Marketing expenses are mainly related to Media Services, consisting of pay-per-click for Paid Media of €1.6 (0.6) million, a 147% increase due to the strong performance in Paid Media.

### Operating expenses

Other operating expenses are mainly related to salaries and general corporate expenses, and amounted to €8.2 (8.5) million in the first quarter 2021, a 3% improvement from the first quarter 2020. Other operating expenses' share of normalised revenues were 53% (79%).

Adjusted for the effects of dividing internally generated operational expenses into continued and discontinued operations, as well as the reversal of corporate costs previously allocated to B2C, comparable other operating expenses amounted to €10.0 million in the first quarter 2020, i.e. a 18% reduction year over year.

Personnel expenses were €6.2 (5.8) million, an increase of 8%. Capitalised salaries related to the Company's development of technology and future products amounted to €1.9 (1.1) million in the first quarter and are capitalised over 3 years. These costs are mainly related to the development of GiG's platform.

### EBITDA

EBITDA for the first quarter 2021 was €4.6 (0.6) million, with a reported EBITDA margin of 24.9% (5.3%). Adjusted for the platform client, the normalised EBITDA margin was 29.6% (5.5%).

### D&A

Depreciation and amortisation amounted to €3.2 (5.3) million in the first quarter 2021, a reduction of 39%, whereof depreciation was €0.5 (1.3) million.

Amortisation related to the affiliate acquisitions completed in 2015 - 2017 were €1.1 (2.3) million. Acquired affiliate assets have been conservatively amortised over 3 years for customer contracts and 8 years for domains/SEO, which is at a considerably faster pace than industry peers. The amortisation of customer contracts were completed in 2020. During the first quarter 2021, the estimated useful lives of media domains were revised to reflect the re-assessed value of such assets. The net effect of the changes in the current quarter was a decrease in amortization expense of €0.4 million.

The balance is mainly related to capitalised development expenses. Depreciation expense related to IFRS16 was €0.7 (0.7) million.

### EBIT

EBIT came in at €1.3 (-4.7) million in the first quarter 2021, a €6.0 million improvement from the first quarter 2020.

### Financial and other expenses

Interest on the Company's bonds were €-1.0 (-1.3) million in the first quarter 2021, and unrealized gain related to the bond due to the weakening of the SEK towards the EUR during the quarter was €0.8 (2.5) million. Other financial expenses were €-0.6 (0.4) million in the first quarter 2021, including interest related to IFRS 16 of €-0.2 (-0.2) million.

### Tax

Net tax income of €1.5 (-0.1) million includes recognition of a deferred tax asset as a result of a reassessment of prior year taxable losses that is expected to be utilised in the coming years.

### Net result from continuing operations

The profit from continuing operations was €2.2 (-4.4) million in the first quarter 2021, a 170% improvement from the first quarter 2020.

### Discontinued operations

The result from discontinued operations were €-0.1 (1.8) million in the first quarter 2021 (see note 6 for more information). The net result after discontinued operations was €2.1 (-2.6) million in the first quarter 2021.

### Cash flow

The consolidated net cash flow from operating activities amounted to €-0.1 (8.1) million for the first quarter 2021. Included in the net cash flow from operating activities are changes in operating assets and liabilities. The negative cash flow from operations is mainly a result of the prepayment of platform fees from Betsson in connection with the sale of the B2C segment in April 2020 and transfer of player balances in connection with the termination of a white-label agreement.

The net cash flow from investing activities was €-2.1 (-3.0) million, whereof €-1.9 (-1.1) million were capitalised development expenses.

The net cash flow from financing activities was €-3.9 (-3.2) million in the first quarter 2021 and included the repayment of a credit facility with €-2.3 million in January 2021.

Cash and cash equivalents decreased by €6.0 (0.6) million in the first quarter 2021.

### Financial position

As at 31 March 2021, holdings of cash and cash equivalents amounted to €5.6 (5.1) million. In addition, cash in transit from payment providers amounted to €0.6 million. Customer monies, that are held in fiduciary capacity for the white label clients in Platform Services, amounted to €1.5 million.

GiG held total assets of €84.6 (128.7) million as at 31 March 2021. Shareholders' equity was €5.5 (17.0) million with an equity ratio of 6% (13%). The Company's lease liability is included with €2.2 (2.2) million under current liabilities and €11.8 (11.3) million under long-term liabilities as per IFRS 16.

## Personnel

By the end of the first quarter 2021, 427 (594) employees were spread throughout Malta, Spain and Denmark, and some satellite offices at other locations. Approximately 250 people contributed towards Platform Services, 110 were focusing into Media Services and 13 in Sports Betting Services with the balance in corporate functions.

Since early March 2020 GiG is operating in a work from home and hybrid office set up allowing, when possible and safe, to employees to work from the company's facilities which are constantly sanitised and respectful of all local and WHO's protocols and regulations. The safety and health of the employees is a key priority for the business and the Company will keep on monitoring the phases of the pandemic in order to keep on following local guidelines without disruptions for the business and its partners.

## Bonds

Gaming Innovation Group Plc. issued a SEK 400 million senior secured bond with a SEK 1,000 million borrowing limit on 28 June 2019. The bond has a floating coupon of 3 months STIBOR + 9% per annum and maturity on 28 June 2022. The outstanding amount on the bond as at 31 March 2021 was SEK 400 million (€39.1 million). The leverage ratio as per the bond terms was 2.47 as at 31 March 2021, compared to 2.84 as 31 December 2020 and 4.87 as at 31 March 2020.

In order to evaluate refinancing options well in advance, the Company has engaged ABG Sundal Collier and Pareto Securities as financial advisors. Subject to market conditions, a new bond issue can take place during the second or third quarter of 2021.

## Shareholder matters

The GiG share is dual-listed on Nasdaq Stockholm and Oslo Børs with the same ISIN code: US36467X2062.

In January 2021, 1,500,000 options were granted to key employees. The exercise price is NOK 15.00 per share, and the options are exercisable with 20% after 1 January 2022, 30% after 1 January 2023 and 50% after 1 January 2024. All options expire on 31 December 2026 and are conditional upon employment at time of exercise.

As at 31 March 2021, the number of authorised shares is 100,000,000 and the number of shares outstanding in GiG was 90,075,626 (par value USD 1.00). 2,021,000 options were outstanding as at 31 March 2021.

## COVID-19

The COVID-19 virus spread across the world in 2020 and caused disruption to businesses and economic activity. GiG's customers are operating in the online gambling industry, which is affected by general economic and consumer trends outside GiG's and its customers' control. The occurrence of extraordinary events, such as COVID-19, has an adverse impact on the global economy, and may lead to a global recession. So far, the Company's operations has not been materially neagtivelly affected by COVID-19 and GiG has applied a work from home policy, operating in a work from home and hybrid office set up allowing, when possible and safe, to employees to work from the company's facilities which are constantly sanitised and respectful of all local and WHO's protocols and regulations. Given the inherent uncertainties, it is difficult to ascertain the longer term impact of COVID-19 on the Company's operations, or to provide a quantitative estimate of this impact.

For further description on risks related to COVID-19 and other risk factors, see GiG's 2020 Annual Report that is available on www.gig.com/ir.

## Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held at 10:00 CET on Tuesday 20 May 2021 at 7A Posthuset, Vasagatan 28, Stockholm, Sweden. The invitation and notice for the meeting was released on 22 April 2021 and sent to all shareholders registered in the Norwegian VPS system as of that date.

Documents related to the Annual Meeting of Shareholders including the attendance and proxy forms and the proposal from the nomination committee are available on www.gig.com/corporate-governance/shareholder-meetings

## About Gaming Innovation Group

Gaming Innovation Group is a leading iGaming technology company, providing solutions, products and services to iGaming Operators. Founded in 2012, Gaming Innovation Group's vision is 'To be the industry leading platform and media provider delivering world class solutions to our iGaming partners and their customers. GiG's mission is to drive sustainable growth and profitability of our partners through product innovation, scalable technology and quality of service. Gaming Innovation Group operates out of Malta and is dual-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

| | |
|---|---|
| 2021 Annual Shareholder Meeting | **20 May 2021** |
| Q2 2021 Interim Report | **18 Aug 2021** |
| Q3 2021 Interim Report | **9 Nov 2021** |
| Q4 2021 Interim Report | **15 Feb 2022** |

## Contacts

**CEO**
Richard Brown
richard.brown@gig.com

**Group CFO**
Tore Formo
tore@gig.com

**Gaming Innovation Group**
**GiG Beach Office,**
**Triq id-Dragunara c/w Triq San Gorg,**
**St. Julians, STJ 3148 Malta**

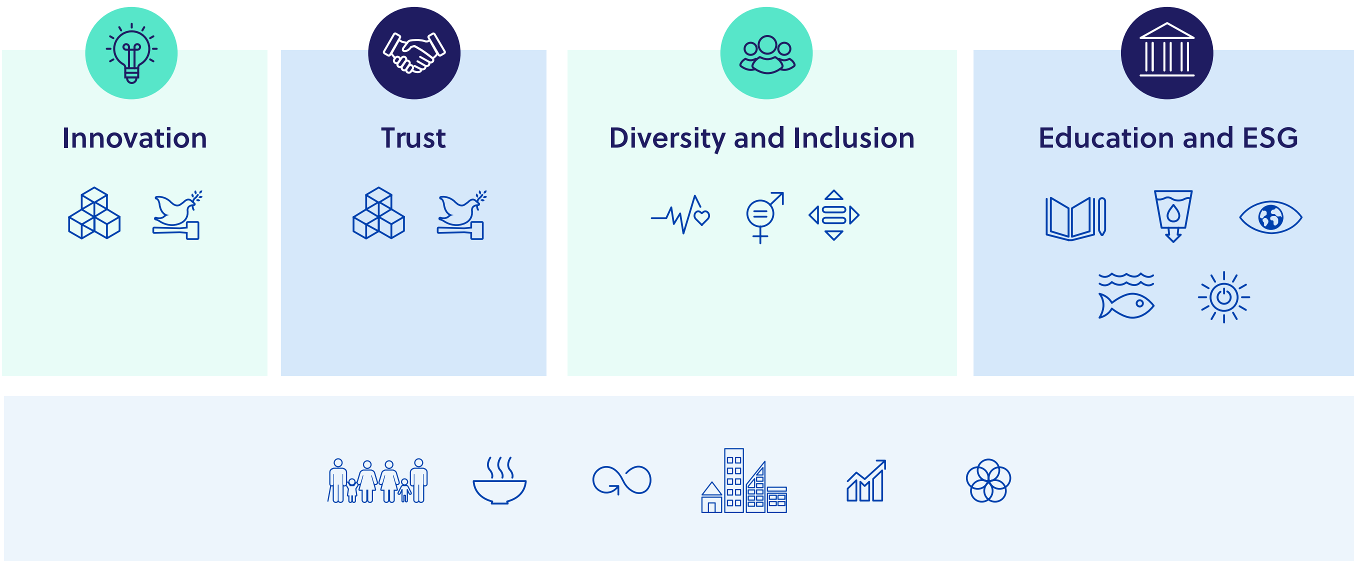
This information is information that Gaming Innovation Group Inc. (GiG) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, at 08:00 CET on 5 May 2021.

# Our approach to sustainability

With the new year comes our new strategic three year approach to sustainability.

Our people and stakeholders are at the heart of every decision we make, as are the communities in which we live and work. We want to create sustainable growth for every single stakeholder and by refocusing our efforts we believe we can deliver real impact together.

Building on our already solid strategic approach, we have aligned our key development areas with the United Nations 2030 Agenda for Sustainable Development and the 17 Goals for People, for Planet.




SUSTAINABLE DEVELOPMENT GOALS

1. No Poverty
2. Zero Hunger
3. Good Health and Well-Being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communites
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace, Justice and Strong Institutions
17. Partnerships for the Goals

For more info please visit: https://www.un.org/sustainabledevelopment/development-agenda/

**Our four sustainability pillars are:**

**Innovation - It's in our name.**
From AI to ideation, we will continuously improve and build partnerships to give our stakeholders maximum outputs, such as improved products and systems, cutting edge technology, best practices and real sustainable growth.

**Trust - It's what we're building.**
Through compliance and resilient technology we are developing best in class compliance products. Our expert in-house compliance, legal, information security and training teams focus on compliance analysis, emerging markets, responsible marketing and advertising, protecting our data and managing our vulnerabilities and embedding responsible gaming and AML - and everything in between.

**Diversity and Inclusion - It's what we practice.**
We are blind to gender, nationality, ethnicity, religion, age, sexual orientation or disability, and at the same time we respect and celebrate the uniqueness of every GiGster. Through education and working closely with organisations like All-in Diversity as a founding member, we will continue to reduce inequalities in the communities in which we live and work, ensure the health and wellbeing of our people and continuously improve processes and how we do things in the workplace to make a better and brighter tomorrow.

**Education and ESG - It's what we believe in.**
Quality education and reducing the impact we have on our planet is very important to us. From our expert inhouse training and development team to our new GiG Gives educational direction "Bridging the gap" and community outreach projects, we are firmly focused on improving the lives of our people, the level of education available, and impacting poverty and economic growth in our communities. We will be working with NGOs like iGaming European Network together with 25 other gaming companies to enact change.

Over the coming months and years, we will report on our progress and development in these areas, increasing our impact #together.

## Gaming Innovation Group Inc.

Condensed Statements of Operations - B2C included as discontinued operations

**EUR 1000 - Unaudited**

| | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| Revenues | 18 305 | 11 162 | 63 027 |
| Cost of sales | 825 | 425 | 2 967 |
| **Gross profit** | **17 480** | **10 737** | **60 060** |
| Marketing expenses | 4 690 | 1 676 | 14 900 |
| Other operating expenses | 8 234 | 8 472 | 34 418 |
| **Total operating expenses** | **12 924** | **10 148** | **49 318** |
| **EBITDA** | **4 556** | **589** | **10 742** |
| Depreciation & amortisation | 2 134 | 3 026 | 12 131 |
| Amortisation of acquired affiliate assets | 1 090 | 2 264 | 7 276 |
| **EBIT** | **1 332** | **-4 701** | **-8 665** |
| Financial income (expense) | -1 570 | -1 765 | -6 394 |
| Unrealized exchange gain(loss) on the bond | 792 | 2 115 | -652 |
| Other income (expense) | 136 | 16 | 103 |
| **Result before income taxes** | **690** | **-4 335** | **-15 608** |
| Tax income/(expense) | 1 492 | -60 | -323 |
| **Profit/(loss) from continuing operations** | **2 182** | **-4 395** | **-15 931** |
| **Profit/(loss) from discontinuing operations** | **-67** | **1 817** | **-1 753** |
| **Profit/(loss) for the period** | **2 115** | **-2 578** | **-17 684** |
| Exchange differences on translation of foreign operations | 129 | -1 328 | -174 |
| Fair value movement in available for sale investment | - | 3 | -13 |
| **Total comprehensive income/(loss)** | **2 244** | **-3 903** | **-17 871** |
| **Total comprehensive income/(loss) attributable to:** | | | |
| Owners of the Company | 2 239 | -3 900 | -17 862 |
| Non-controlling interests | 5 | -3 | -9 |
| **Total comprehensive income/(loss)** | **2 244** | **-3 903** | **-17 871** |
| Weighted average shares outstanding (1000) | 90 076 | 90 006 | 90 007 |
| Diluted weighted average shares outstanding (1000) | 95 653 | 90 006 | 90 007 |
| Basic and diluted earnings (losses) per share from continuing operations: | 0.02 | -0.05 | -0.18 |
| Basic and diluted earnings (losses) per share from discontinuing operations | 0.00 | 0.02 | -0.02 |
| Basic and diluted earnings (losses) per share attributable to GiG Inc. | 0.02 | -0.04 | -0.20 |

## Gaming Innovation Group Inc.

Condensed Statements of Financial Position - B2C included as discontinued operations

**EUR 1000 - Unaudited**

| | 31 Mar 2021 | 31 Mar 2020 | 31 Dec 2020 |
|---|---|---|---|
| **Assets** | | | |
| Non-current assets: | | | |
| Goodwill | 16 285 | 15 115 | 16 287 |
| Intangible assets | 32 884 | 38 920 | 33 012 |
| Deposits and other non-current assets | 15 594 | 19 953 | 16 637 |
| **Total non-current assets** | **64 763** | **73 988** | **65 936** |
| Current assets: | | | |
| Trade and other receivables | 14 242 | 21 154 | 15 711 |
| Cash and cash equivalents | 5 577 | 5 128 | 11 504 |
| **Total current assets** | **19 819** | **26 282** | **27 215** |
| Assets of discontinued operations held for sale | - | 28 440 | - |
| **Total Assets** | **84 582** | **128 710** | **93 151** |
| **Liabilities and shareholders' equity** | | | |
| **Shareholders' equity:** | | | |
| Share capital | 78 915 | 78 858 | 78 915 |
| Share premium/reserves | 32 323 | 28 456 | 32 204 |
| Retained earnings (deficit) | -105 803 | -90 371 | -105 612 |
| Total equity attributable to GiG Inc. | 5 435 | 16 943 | 3 592 |
| Non-controlling interests | 16 | 20 | 14 |
| **Total shareholders' equity** | **5 451** | **16 963** | **3 606** |
| **Liabilities:** | | | |
| Trade payables and accrued expenses | 18 560 | 24 533 | 24 866 |
| Lease liabilities | 2 180 | 2 182 | 2 351 |
| Short term bond | 3 455 | 30 866 | 3 455 |
| **Total current liabilities** | **24 195** | **57 581** | **30 672** |
| Bond payable | 35 259 | 33 028 | 35 998 |
| Other long term liabilities | 19 257 | 11 289 | 21 346 |
| Deferred tax liability | 420 | 1 331 | 1 529 |
| **Total long term liabilities** | **54 936** | **45 648** | **58 873** |
| **Total liabilities** | **79 131** | **103 228** | **89 545** |
| Liabilities directly associated with assets classified as held for sale | - | 8 519 | - |
| **Total liabilities and shareholders' equity** | **84 582** | **128 710** | **93 151** |

**Condensed statements of changes in equity:**

| | 31 Mar 2021 | 31 Mar 2020 | 31 Dec 2020 |
|---|---|---|---|
| **Equity at beginning of period** | **3 606** | **20 920** | **20 920** |
| Adjustment in prior period | -71 | 2 | -14 |
| Fair value movement in available for sale investments | - | 3 | -12 |
| Value of conversion rights on convertible loan | - | - | 788 |
| Exercise of options | - | - | 139 |
| Share compensation expense | 119 | -56 | -357 |
| Non-controlling interests | 2 | -3 | -9 |
| Exchange differences on translation of foreign operations | 129 | -1 328 | -174 |
| Net results from continuing operations | 2 182 | -4 392 | -15 922 |
| Net results from discontinuing operations | -66 | 1 817 | -1 753 |
| **Equity at end of period** | **5 451** | **16 963** | **3 606** |

## Gaming Innovation Group Inc.

Condensed Statements of Cash Flows - B2C included as discontinued operations

**EUR 1000 - Unaudited**

| | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Results from continuing operations before income taxes | 690 | -4 335 | -15 608 |
| Income/(loss) from discontinued operations | -67 | 1 817 | -1 753 |
| Adjustments. to reconcile profit before tax to net cash flow: | | | |
| Tax expense | 1 493 | -60 | -323 |
| Depreciation and amortization | 3 224 | 5 290 | 19 407 |
| Impairment of intangibles | - | - | 1 100 |
| Loss on disposal of B2C division | - | - | 565 |
| Other adjustments for non-cash items and changes in operating assets and liabilities | -5 455 | 5 347 | 14 312 |
| **Net cash provided by operating activities** | **-115** | **8 059** | **17 700** |
| Cash flows from investing activities: | | | |
| Purchases of intangible assets | -1 983 | -1 921 | -6 564 |
| Purchases of property, plant and equipment | -96 | -1 086 | -1 674 |
| Acquisition of associates | - | - | - |
| Disposal of asset held for sale | - | - | 550 |
| Disposal of subsidiaries | - | - | 22 300 |
| **Net cash from investing activities** | **-2 079** | **-3 007** | **14 612** |
| Cash flows from financing activities: | | | |
| Repayment of loans | -2 328 | - | - |
| Lease liability principal payments | -636 | -1 336 | -3 155 |
| Interest paid on bonds | -898 | -1 820 | -4 479 |
| Repayment of bonds | - | - | -27 825 |
| Proceeds from loans | - | - | 10 281 |
| **Net cash from financing activities** | **-3 862** | **-3 156** | **-25 178** |
| Translation loss | 129 | -1 328 | -174 |
| Fair value movements | - | 3 | -13 |
| **Net increase (decrease) in cash** | **-5 927** | **4 557** | **6 947** |
| Cash and cash equivalents - beginning | 11 504 | 4 557 | 10 295 |
| Cash and cash equivalents attributable to discontinued operations | - | - | -5 738 |
| **Cash and cash equivalents - end** | **5 577** | **5 128** | **11 504** |

# Gaming Innovation Group Inc.

Selected Notes to Condensed Consolidated Financial Statements as of and for the periods ending 31 March 2021 and 2020

## 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 with the ticker symbol "GIGSEK" (dual listing). 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 activities during 2020 and 2021 were the provision of online gaming services, primarily casino and sports, provision of a remote gaming platform and affiliate marketing operations.

The condensed consolidated financial statements of the Company as at and for the periods ended 31 March 2021 and 2020 are comprised of its subsidiary Plc and Plc's related subsidiaries.

## 2. Basis of preparation

These unaudited 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 periods ended 31 March 2021 and 2020 of Gaming Innovation Group Inc. and subsidiaries and 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 financial statements for the periods ended 31 March 2021 and 2020 have not been audited by the Company's auditors.

The Company's condensed consolidated financial statements are presented in Euro (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).

The Company's financial position improved following the sale of the B2C business and repayment of the bond in April 2020, and the actions taken related to rationalisation of costs and operations in line with the Company's new focus have been successfully implemented. The Company has, as described in note 10, a bond with a nominal value of EUR 38.7 million (SEK 400 million), with maturity in June 2022. The Company has further issued a EUR 8.5 million subordinated, convertible loan in December 2020 with maturity in December 2023, strengthening liquidity and the Company's financial position.

As at 31 March 2021, current assets of the Company amounted to EUR 19.8 million (2020: EUR 26.3m), and current liabilities of the Company amounted to EUR 24.2 million (EUR 57.6m). As at 31 March 2020, current liabilities included a bond for an amount of EUR 30.9 million (nominal value SEK 300 million) which was repaid on 22 April 2020. After adjusting for non-cash items, primarily representing deferred income of EUR 4.6 million attributable to the B2C sale, net of 'premium' element receivable, the net current liability amounts to EUR 2.2m as at 31 March 2021.

The SEK 400 million bond matures on 28 June 2022. The Company has engaged ABG Sundal Collier and Pareto Securities to evaluate a refinancing of the bond, with the aim to conclude the refinancing in the second or third quarter 2021. Based on the Company's recent development and coupled with the market conditions for debt financing being favourable, the directors are confident about the Company's ability to successfully conclude a refinancing process well in advance of the maturity. The directors acknowledge that the judgements made as part of the going concern assessment are subject to a degree of underlying uncertainty and recognises that successful re-financing is contingent on external market factors, which may be beyond the Group's control, including the uncertain and volatile global economic environment associated with a prolonged COVID-19. On this basis, the directors consider the going concern assumption in the preparation of the financial statements to be appropriate as at the date of authorisation for issue of the Q1 2021 report.

The occurrence of extraordinary events, such as the outbreak of disease epidemics, has an adverse impact on the global economy, and may lead to a global recession. In 2020, the existence of a new virus was confirmed, and since then COVID-19 has spread across the world. COVID-19 has caused disruption to businesses and economic activity, and also impacted global stock markets. The Company closely monitors the progress of the COVID-19 and has introduced contingency measures to reduce the risk for its staff and to ensure business continuity. The Company successfully deployed its Business Contingency Plan (BCP), and systems and operations continued to perform. The Company operates from various offices in several countries, and local measures have been adopted in line with recommendations made by the respective authorities. The Company has a robust BCP to ensure continuity of operations and working from home is an integral part of day to day operations. Proactive steps were taken to advise employees to work from home prior to any announcements by governments. As part of the BCP, production environments require an extra level of approval to protect both the Company's business and its customers. COVID-19 has not resulted in any disruption to the Company's operations in 2020 and 2021. For more information on the potential impact on the Company's business units, see note 2 to the 2020 Annual Report.

## 3. Summary of significant accounting policies

**Accounting Policies**

The accounting policies adopted and used in preparing the condensed consolidated financial statements as of and for the periods ended 31 March 2021 and 2020 are consistent with those used in preparing the Company's consolidated financial statements as of and for the year ended 31 December 2020. See the 2020 Annual Report for more details, hereunder the Company's Revenue Recognition Policy.

**Discontinued Operations**

In accordance with IFRS 5, the B2C financial results are reported as discontinued operations in the Company financial statements as of and for the periods ended 31 March 2021 and 2020 and the year ended 31 December 2020.

**Standards, Interpretations and Amendments to Published Standards that are not yet Effective**

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. There were no impairments in periods covered by this interim report.

## 5. Change in accounting estimates – domain assets

During the quarter, the estimated useful lives of media domains were revised to reflect the re-assessed value of such assets. The net effect of the changes in the current quarter was a decrease in amortization expense of TEUR 389.

Assuming the assets are held until the end of their re-assessed estimated useful lives, amortization in future years in relation to these assets will increase/(decrease) by the following amounts (EUR 1000):

| Year: | Amount: |
|---|---|
| 2021 | -1 558 |
| 2022 | -1 558 |
| 2023 | -1 739 |
| 2024 | -1 673 |
| 2025 | 999 |
| 2026 | 3 121 |
| 2027 | 1 204 |
| 2028 | 1 204 |

## 6. Discontinued operations

On 14 February 2020, the Company signed a Share Purchase Agreement (SPA) with Betsson Group (Betsson) for the divestment of its B2C assets which include the operator brands Rizk, Guts, Kaboo and Thrills. On 16 April 2020, the Company completed the sale of its B2C assets to Betsson.
In accordance with IFRS 5, the B2C financial results are reported as discontinued operations in the Company financial statements as of and for the periods ended 31 March 2021 and 2020.

As a result of the sale of the B2C assets, the Company has surplus office space, and in the third quarter of 2020, the Company accelerated the amortisation of EUR 1.1 million to leasehold investments in relation to these offices as part of discontinued operations.

B2B and B2C financial data is also presented for comparative and informational purposes.

The following is the breakdown of the profit/(loss) from discontinued operations for the periods ended 31 March 2021 and 2020:

| (EUR 1000) | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| **Net revenue** | - | 19 979 | 22 895 |
| **Other income** | - | - | 1 910 |
| **Expenses** | -67 | -18 162 | -25 368 |
| **Impairment losses** | - | - | -1 100 |
| **Loss on disposal of B2C segment** | - | - | -91 |
| **Operating profit/(losses)** | -67 | 1 817 | -1 754 |
| | | | |
| **Loss from discontinued operations attributable to:** | | | |
| **Owners of the Company** | -67 | 1 817 | -1 754 |
| **Non-controlling interest** | - | - | - |
| | -67 | 1 817 | -1 754 |
| | | | |
| **Net cash flow from operating activities** | -67 | 749 | -1 160 |
| **Net cash flow from investing activities** | - | -197 | -197 |
| **Net cash inflow/(outflow) from financing activities** | - | - | - |
| **Net increase in cash generated by discontinued operations** | -67 | 552 | -1 357 |

The following is a breakdown of the assets and liabilities classified as held for sale as at 31 December 2020 and 2019:

| (EUR 1000) | 31 Mar 2021 | 31 Mar 2020 | 31 Dec 2020 |
|---|---|---|---|
| Goodwill | - | 22 300 | - |
| Prepayments | - | 341 | - |
| Other trade receivables | - | 60 | - |
| Players cash | - | 5 738 | - |
| | **-** | **5 738** | **-** |
| Trade and other payables | - | -2 572 | - |
| Players liability | - | -4 341 | - |
| Jackpot liability | - | -1 606 | - |
| | **-** | **-8 519** | **-** |
| **Net liabilities directly associated with assets classified as held for sale** | **-** | **- 2 380** | **-** |

## 7. 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, but outstanding shares in profitable periods include the dilutive effect of outstanding warrants and options determined by the treasury stock method.  As of 31 March 2021, the Company had 2,021,000 options outstanding.

## 8. Changes in equity

As at 31 March 2021, 90,075,626 shares were outstanding following the issue of 70,000 shares on 22 December 2020 for previous exercises of options. The number of authorised shares is 100,000,000.

## 9. Loans payable to shareholders

In June 2020, the Company entered a NOK 25,000,000 credit facility with a shareholder on market terms. The facility has a commitment fee of 3% per annum and an interest rate of 15% per annum, and maturity on 10 January 2022. NOK 14,000,000 was drawn under the facility in July 2020, and NOK 11,000,000 in November 2020. The credit facility was paid down in January 2021.

In December 2020, the Company issued a subordinated convertible loan of EUR 8.5 million to two Nordic investment funds with an interest rate of 8% per annum, convertible into shares in the Company at NOK 15 at the option of the lenders, or repayable on 18 June 2023. The loan is subordinated to the bond, and no interest payment or repayment of the loan can be paid before the bond has been repaid in full. The initial fair value of the liability portion of the loan was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the loan. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured. Consequently, EUR 7,191,512 was recognised as the liability portion and EUR 788,045 was recognised in shareholder's equity.

Long term loans outstanding balances at 31 March 2021 and 2020 were EUR 7,488,066 and EUR 0, respectively with accrued interest of EUR 260,185 and 0, respectively.

## 10. Senior secured bonds

In March 2017, GIG issued a SEK 400 million senior secured bond in the Nordic bond market, with a SEK 1,000 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 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 for a new bonds total of SEK 700 million (SEK 300 million due March 2020 and SEK 400 due June 2022). The balance of the new issue was used to pay down the Company loans in July 2019.

On 22 April 2020, the Company used part of the proceeds from the sale of B2C to repay the Company's SEK 300 million 2017 - 2020 bond together with the cost incurred of SEK 1.1 million for extending maturity date of the bond from 6 March 2020 to 22 April 2020.

The outstanding balance of the short-term bond at 31 March 2021 and 2020 was EUR 3,455,360 and EUR 30,886,367 respectively, with accrued interest of EUR 582,936 and EUR 735,395 respectively. The outstanding balance of the long-term bond on 31 March 2021 and 2020 was EUR 35,259,266 and EUR 33,028,252 respectively with accrued interest of EUR 132,862 and EUR 322,801 respectively. The 2019-22 bonds are registered in the Norway Central Securities Depositoryand listed on Nasdaq Stockholm.

The remaining bond is redeemable at par (SEK 1,000,000). The Company has the option to early redeem the SEK 400 million bond, at a fee, before its maturity date on 28 June 2022.

The Company has engaged ABG Sundal Collier and Pareto Securities to refinance the bond, with the aim to conclude the refinancing in the second or third quarter 2021.

## 11. Litigations

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.

## 12. Related party transactions

There were no material related party transactions in the fourth quarter 2020 other than the loans mentioned in Note 9.

## 13. Subsequent events

There have been no material subsequent events that occurred after 31 March 2021 other than events already addressed in other sections within this report.

## 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.

**Deposits:** Money deposited in the customer accounts

**EBIT:** Operating profit

**EBITDA:** Operating profit less depreciation, amortization and impairments

**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 Gaming Revenue (GGR):** Total cash deposits less all wins payable to customers

**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

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

**Organic growth:** Growth excluding acquisitions

**Sports Betting Margin:** Customers' total bets less winnings, divided by customers' total bets

## Gaming Innovation Group plc.

### Condensed statement of operations - B2C included as discontinued 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 had a fixed coupon of 7.0% p.a. and was repaid in April 2020.

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 bond is listed on Nasdaq Stockholm.

As per the bond terms, the interim condensed consolidated accounts for the issuer for the first quarter 2021 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**

| | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| Revenues | 18 305 | 11 162 | 63 027 |
| Cost of sales | 825 | 425 | 2 967 |
| **Gross profit** | **17 480** | **10 737** | **60 060** |
| **Operating expenses** | | | |
| Marketing expenses | 4 690 | 1 676 | 14 900 |
| Other operating expenses | 7 913 | 8 097 | 33 143 |
| **Total operating expenses** | **12 603** | **9 773** | **48 040** |
| **EBITDA** | **4 877** | **964** | **12 020** |
| Depreciation & amortisation | 2 134 | 3 251 | 12 131 |
| Amortisation on acquired affiliate assets | 1 090 | 2 039 | 7 276 |
| **EBIT** | **1 653** | **-4 326** | **-7 387** |
| Financial income (expense) | -348 | 350 | -6 685 |
| **Result before income taxes** | **1 305** | **-3 976** | **-14 072** |
| Tax income/(expense) | -80 | -60 | 845 |
| **Profit/(loss) from continuing operations** | **1 225** | **-4 036** | **-13 227** |
| **Profit/(loss) from discontinuing operations** | **-67** | **1 817** | **-1 753** |
| **Profit/(loss) for the period** | **1 158** | **-2 219** | **-14 980** |
| Exchange differences on translation of foreign operations | 129 | -1 328 | -174 |
| Fair value movement in available for sale investment | - | 3 | -13 |
| **Total comprehensive income (loss)** | **129** | **-1 325** | **-15 167** |
| **Total Comprehensive income (loss) attributable to:** | | | |
| Owners of the Company | 1 282 | -3 541 | -14 971 |
| Non-controlling interests | 5 | -3 | -9 |
| **Total comprehensive income (loss)** | **1 287** | **-3 544** | **-14 980** |

# Gaming Innovation Group plc.

## Condensed statements of financial position - B2C included as discontinued operations

| EUR 1000 - Unaudited | 31 Mar 2021 | 31 Mar 2020 | 31 Dec 2020 |
|---|---|---|---|
| **Assets** | | | |
| Non-current assets: | | | |
| Goodwill | 5 837 | 4 667 | 5 839 |
| Intangible assets | 32 554 | 38 920 | 33 011 |
| Deposits and other non-current assets | 15 269 | 19 548 | 16 312 |
| **Total non-current assets** | **53 660** | **63 135** | **55 162** |
| Current assets: | | | |
| Trade and other receivables | 14 212 | 21 555 | 15 711 |
| Cash and cash equivalents | 5 501 | 5 033 | 8 043 |
| **Total current assets** | **19 713** | **118 163** | **23 754** |
| Assets classified as held for sale | - | 28 440 | - |
| **Total assets** | **73 373** | **118 163** | **78 916** |
| **Liabilities and shareholders' equity** | | | |
| **Shareholders' equity:** | | | |
| Share capital | 51 | 51 | 51 |
| Share premium/reserves | 87 135 | 85 909 | 86 886 |
| Retained earnings (deficit) | -91 390 | -79 189 | -93 302 |
| Total equity attributable to GiG Inc. | -4 204 | -6 771 | -6 365 |
| Non-controlling interests | 14 | 21 | 14 |
| **Total shareholders' equity** | **-4 190** | **-6 792** | **-6 351** |
| Liabilities: | | | |
| Trade payables and accrued expenses | 24 738 | 24 157 | 30 197 |
| Lease liabilities | 1 922 | 2 182 | 2 351 |
| Bond payable | 3 455 | 30 866 | 3 455 |
| **Total current liabilities** | **30 115** | **57 205** | **38 212** |
| Bond payable | 35 259 | 33 028 | 35 999 |
| Deferred tax liability | 420 | 1 331 | 1 529 |
| Other long term liabilities | 11 769 | 11 289 | 11 736 |
| **Total long term liabilities** | **47 448** | **45 648** | **49 264** |
| **Total liabilities** | **77 563** | **102 852** | **85 267** |
| Liabilities directly associated with assets classified as held for sale | - | 8 519 | - |
| **Total liabilities and shareholders' equity** | **73 373** | **118 163** | **78 916** |

## Gaming Innovation Group plc.

Condensed statement of cash flows - B2C included as discontinued operations

**EUR 1000 - Unaudited**

| | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Results from continuing operation before income taxes | 1 305 | -3 976 | -14 120 |
| Results from discontinued operations | -67 | 1 817 | -1 754 |
| Adjustments. to reconcile profit before tax to net cash flow: | | | |
| Tax expense | - | -60 | -323 |
| Depreciation and amortization | 3 613 | 5 290 | 19 406 |
| Impairment of intangibles | - | - | 1 100 |
| Loss on disposal of B2C division | - | - | 565 |
| Other adjustments for non-cash items and changes in operating assets and liabilities | -4 336 | 5 394 | 14 326 |
| **Net cash provided by operating activities** | **515** | **8 465** | **19 200** |
| Cash flows from investing activities: | | | |
| Purchases of intangible assets | -1 983 | -1 921 | -6 564 |
| Disposal of assets held for sale | - | - | 550 |
| Purchases of property, plant and equipment | -96 | -1 086 | -1 673 |
| Acquisition of associates | - | - | 22 300 |
| **Net cash from investing activities** | **-2 079** | **-3 007** | **14 613** |
| Cash flows from financing activities: | | | |
| Loan from related party | -636 | - | 5 368 |
| Lease payments | -788 | - | -3 155 |
| Interest paid on bonds | -898 | -1 820 | -4 479 |
| Repayment of bonds | - | - | -27 825 |
| Cash flow from other investing activities | - | - | - |
| **Net cash from financing activities** | **3 631** | **-872** | **-30 091** |
| Translation loss | 129 | -1 328 | -174 |
| Fair value movements | - | 3 | -13 |
| **Net increase (decrease) in cash** | **-2 542** | **525** | **3 535** |
| Cash and cash equivalents - beginning | 8 043 | 4 508 | 4 508 |
| Cash and cash equivalents attributable to discintinued operations | - | | - |
| **Cash and cash equivalents - end** | **5 501** | **5 033** | **8 043** |

# We are GiG

Gaming Innovation Group Inc. ("GiG" or "the Company") is a technology company operating in the iGaming industry. Offering cutting edge cloud-based services and performance marketing through their B2B solutions.

Founded in 2012, Gaming Innovation Group's vision is "to be the industry leading platform and media provider delivering world class solutions to our iGaming partners and their customers". GiG's agile iGaming platform is adaptable to change, providing partners with the choice and flexibility of selecting content and services tailored to their specific market requirements, delivering a seamless omnichannel experience. Furthermore GiG is a lead generation and marketing provider with a 360 degree digital offering, supplying high value leads with global reach. All driving sustainable growth and profitability through product innovation, scalable technology and quality of service.

**Media**
**Digital Marketing**
Finding leads through online media buys and publishing and refer these lead to operators

**Platform**
**Platform Services**
Offering cloud based platform services and games, from multiple vendors, to casino operators

**Sports**
**Sports Services**
Odds, trading and risk management tools and mobile first front end for sportsbooks

**Data**
**Data as Service**
Compliant real time data and insights at your fingertips. Rich set of AI-enabled self service tools available to help you stay ahead of the game

**Managed Services**
**(B2B)**

## Business Model

An online casino and or sportsbook operation is made up of many different products and services which need to work together harmoniously to be as efficient as possible. GiG offers a full end to end solution, from the Data and Core platform through to the CMS and website itself, supporting GiG partners in offering a world class gaming experience to their customers. All of these in house developed products are supported by our managed services, including media and CRM.

GiG realises that all partners do not have the same needs and offers all products and services agnostically so the partner can pick and choose what products and services fit their needs at different times through their igaming journey. The same agnostic approach is also extended to content suppliers and auxiliary providers, where partners can choose the best tools and content for their operation and target market.

The team at GiG has extensive operational experience and with this experience works with the partner to create and execute a product and supplier strategy that works the best for their business and what the partner wants to achieve. All products that GiG offers are available on a fixed monthly recurring fee where managed services are priced on an individual basis, based on the needs of the partner.

GiG

- Casino Supplier
- Compliance
- Ancillary Service Providers
- Game Providers
- Payment Providers
- Sports Providers
- Odds Providers

- VIP Management
- Support
- Media
- SEO
- Google Ads/SEM
- Social Media
- Permission Marketing
- Affiliates

## Malta (Headquarters)

@GiG Beach
Golden Mile Business Centre
Triq Id-Dragunara
St Julian’s STJ 3148

## Spain

Avenida Ricardo Soriano 21
Marbella
Malaga 29601

## Denmark

Nannasgade 28
2200 Copenhagen N

## United States

8359 Stringfellow Rd
St James City, FL 33956

## Norway

Fridjtof Nansens Plass 6
0160 Oslo