

Gaming Innovation Group

Q4 2019 RESTATED Interim Report



**iGaming solutions based
on innovative technology**



27 April 2020

GAMING INNOVATION GROUP INC.

Q4 2019 Restated Interim Report

Reference is made to Gaming Innovation Group Inc.'s ("GIG") Q4 2019 Interim Report, announced on 14 February 2020. The condensed consolidated statements have been restated due mainly to a re-evaluation of GIG's investment in an available for sale asset downwards by EUR 1,379K based on additional market value information that became available after the issuance of the Q4 for the year 2019. Such restatement affected GIG's comprehensive loss reported for the fourth quarter 2019 and the full year 2019. In addition, there has been some other immaterial reclassifications and year end audit adjustments.

The restatements have no material impact on GIG's operations, revenues, operating expenses, EBITDA or cash generated from operations. As stated above, the restatements did however increase total comprehensive loss by EUR 1,365K for the fourth quarter and full year 2019.

The available for sale assets is a minor shareholding in the payment provider Easy Payment Gateway Ltd. ("EPG") where an agreement has been entered into in April 2020 to sell the company to third parties. The sale is subject to final due diligence and GiG expect the transaction to be completed in Q2-2020. GiG paid GBP 500k for the shares in EPG in 2015, and will receive a cash consideration of around EUR 568k for its shares when the transaction is completed.

Attached are the restated condensed consolidated statements of operations and restated condensed statements of cash flow for the fourth quarter of 2019 and for the full year 2019 and the restated condensed consolidated balance sheet as of 31 December 2019. The B2C segment is shown as discontinued operations in accordance with IFRS 5.

27 April 2020

The Board of Directors of
Gaming innovation Group Inc.

Gaming Innovation Group Inc.

Restated Condensed Statements of Operations

EUR 1000 - Unaudited								
	Restated				As reported			
	Q4 2019	Q4 2018	2019	2018	Q4 2019	Q4 2018	2019	2018
Revenues	10 413	14 074	44 054	51 559	10 393	14 074	44 034	51 559
Cost of sales	165	175	906	664	165	175	906	664
Gross profit	10 248	13 899	43 148	50 895	10 228	13 899	43 128	50 895
Operating expenses								
Marketing expenses	403	1 432	5 272	5 782	410	1 443	5 279	5 793
Non-recurring expenses	-	898	-	1 086	-	898	-	1 086
Other operating expenses	9 754	7 803	34 432	29 661	9 761	7 796	34 439	29 654
Total operating expenses	10 157	10 133	39 704	36 529	10 171	10 137	39 718	36 533
EBITDA	91	3 766	3 444	14 366	57	3 762	3 410	14 362
Depreciation & amortization	5 865	5 139	23 650	18 882	5 732	5 139	23 517	18 882
Impairment of intangibles	1 000	-	3 911	-	1 000	-	3 911	-
EBIT	-6 774	-1 373	-24 117	-4 516	-6 675	-1 377	-24 018	-4 520
Financial income (expense)	-4 433	-1 984	-8 222	-4 210	-4 563	-1 984	-8 352	-4 210
Other income (expense)	37	4	-5	-113	53	4	11	-113
Result before income taxes	-11 170	-3 353	-32 344	-8 839	-11 185	-3 357	-32 359	-8 843
Tax income/(expense)	-325	-491	-627	-815	-326	-491	-628	-815
Loss from continuing operations	-11 495	-3 844	-32 971	-9 654	-11 511	-3 848	-32 987	-9 658
Loss from discontinuing operations	-35 838	-12 723	-31 720	-13 097	-35 838	-12 723	-31 720	-13 097
Loss for the year	-47 333	-16 567	-64 691	-22 751	-47 349	-16 571	-64 707	-22 755
Exchange differences on translation of foreign operations	15	-157	-245	133	15	-157	-244	133
Fair value movement in available for sale investment	-1 302	-15	-1 284	-15	77	-15	95	-15
Total comprehensive income (loss)	-48 620	-16 739	-66 220	-22 633	-47 257	-16 743	-64 856	-22 637
Total Comprehensive income (loss) attributable to:								
Owners of the Company	-48 622	-16 718	-66 218	-22 635	-47 259	-16 722	-64 854	-22 639
Non-controlling interests	2	-21	-2	2	2	-21	-2	2
Total comprehensive income (loss)	-48 620	-16 739	-66 220	-22 633	-47 257	-16 743	-64 856	-22 637
Weighted average shares outstanding (1000)	90 006	89 565	90 006	89 567	90 006	89 565	90 006	89 567
Diluted weighted average shares outstanding (1000)	90 006	89 565	90 006	89 567	90 006	89 565	90 006	89 567
Basic and diluted earnings (losses) per share from continuing operations:	-0,13	-0,04	-0,37	-0,11	-0,13	-0,04	-0,37	-0,11
Basic and diluted earnings (losses) per share from discontinuing operations	-0,40	-0,14	-0,35	-0,15	-0,40	-0,14	-0,35	-0,15
Basic and diluted earnings (losses) per share attributable to GiG Inc.	-0,53	-0,18	-0,72	-0,25	-0,53	-0,19	-0,72	-0,25

Gaming Innovation Group Inc.

Restated Condensed Statements of Financial Position

EUR 1000 - Unaudited				
		Restated		As reported
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
ASSETS				
Non-current assets:				
Goodwill	15 995	69 570	15 995	69 570
Intangible assets	40 912	69 253	40 912	69 253
Deposits and other non-current assets	20 191	7 348	21 570	8 061
Total non-current assets	77 098	146 171	78 477	146 884
Current assets:				
Prepaid and other current assets	3	5	3	5
Trade and other receivables	20 464	29 190	19 589	28 473
Cash and cash equivalents	4 557	14 669	4 557	14 669
Total current assets	25 024	43 864	24 149	43 147
Assets classified as held for sale	32 966	-	32 966	-
TOTAL ASSETS	135 088	190 035	135 592	190 031
Liabilities and shareholders' equity				
Shareholders' equity:				
Share capital	78 858	78 858	78 858	78 858
Share premium/reserves	29 835	32 180	31 210	32 176
Retained earnings (deficit)	-87 797	-22 987	-87 817	-22 987
Total equity attributable to GiG Inc.	20 896	88 051	22 251	88 047
Non-controlling interests	24	25	24	25
Total shareholders' equity	20 920	88 076	22 275	88 072
Liabilities:				
Trade payables and accrued expenses	24 940	34 204	24 089	34 204
Short term loans	-	617	-	617
Bond payable	30 035	-	33 792	-
Total current liabilities	54 975	34 821	57 881	34 821
Bond payable	36 908	64 230	33 151	64 230
Deferred tax liability	12 496	-	12 496	-
Other long term liabilities	1 270	955	1 270	955
Long term loans	-	1 953	-	1 953
Total long term liabilities	50 674	67 138	46 917	67 138
Total liabilities	105 649	101 959	104 798	101 959
Liabilities directly associated with assets classified as held for sale	8 519	-	8 519	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	135 088	190 035	135 592	190 031
CONDENSED STATEMENTS OF CHANGES IN EQUITY:				
Equity at beginning of period	88 076	108 783	88 072	108 783
Issuance of shares for cash	-	26	-	26
Adjustment in prior period	-259	-	-264	-
Exercise of options	-	822	-	822
Fair value movement in available for sale investments	-1 284	-15	95	-15
Share compensation expense	-677	1 078	-677	1 078
Non-controlling interests	-2	2	-2	2
Exchange differences on translation of foreign operations	-245	133	-244	133
Net results from continuing operations	-32 969	-9 656	-32 985	-9 660
Net results from discontinuing operations	-31 720	-13 097	-31 720	-13 097
Equity at end of period	20 920	88 076	22 275	88 072

Gaming Innovation Group Inc.

Restated Condensed Statements of Cash Flows

EUR 1000 - Unaudited								
	Restated				As Reported			
	Q4 2019	Q4 2018	2019	2018	Q4 2019	Q4 2018	2019	2018
Cash flows from operating activities:								
Results from continuing operation before income taxes	-11 170	-3 353	-32 344	-8 839	-11 185	-3 357	-32 359	-8 843
Loss from discontinued operations	-35 838	-12 723	-31 720	-13 097	-35 838	-12 723	-31 720	-13 097
Adjustments, to reconcile profit before tax to net cash flow:								
Tax expense	-325	-491	-627	-815	-326	-491	-628	-815
Depreciation and amortization	6 146	5 414	25 906	19 973	6 146	5 414	25 772	19 973
Impairment of intangibles	41 185	13 726	44 098	13 726	41 185	13 726	44 097	13 726
Other adjustments for non-cash items and changes in operating assets and liabilities	-1 366	4 833	-1 236	6 701	2 404	87	7 564	1 952
Net cash provided by operating activities	-1 368	7 406	4 077	17 649	2 386	2 656	12 726	12 896
Cash flows from investing activities:								
Purchases of intangible assets	-1 274	-2 436	-7 697	-9 458	-1 673	-2 436	-8 096	-8 988
Purchases of property, plant and equipment	449	-716	-2 704	-2 511	-582	-716	-3 735	-2 479
Purchases of affiliates	-	-100	-100	-461	-	-100	-100	-460
Cash flow from other investing activities	-	-	-	-	-	-	-	-500
Net cash used by investing activities	-825	-3 252	-10 501	-12 430	-2 255	-3 252	-11 931	-12 427
Cash flows from financing activities:								
Proceeds from bond issue	-	-537	2 446	-537	-	-	2 446	-
Exercise of options and issuance of shares for cash	-	13	-	452	-	13	-	452
Proceeds from loans	-	1 551	-	1 551	-	1 551	-	1 551
Repayment of loans	-872	-	-2 570	-	-872	-	-2 570	-
Interest paid on bonds	-4 897	-4 483	-4 897	-4 483	-	-	-4 896	-
Lease liability principal payments	-2 796	-	-2 796	-	-	-	-	-
Cash flow from other investing activities	-80	-145	-80	-145	-	-	-	-
Net cash provided by financing activities	-8 645	-3 230	-7 897	-2 791	-872	1 564	-5 020	2 003
Translation loss	15	-157	-245	133	15	-157	-244	133
Fair value movements	-1 302	-15	-1 284	-15	77	-15	95	-15
Net increase (decrease) in cash	-12 125	752	-15 850	2 546	-649	796	-4 374	2 590
Cash and cash equivalents at beginning of period	10 944	13 873	14 669	12 079	10 944	13 873	14 669	12 079
Cash and cash equivalents attributable to discontinued operations	5 738	-	5 738	-	-	-	-	-
Cash and cash equivalents arising upon business combination	-	44	-	44	-	-	-	-
Cash and cash equivalents - end	4 557	14 669	4 557	14 669	10 295	14 669	10 295	14 669

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Q4 2019 - explanations to changes to financial statements due to restatement.

The major changes to the Q4 2019 and full year 2019 condensed consolidated statements are detailed below. Other changes are immaterial reclassifications and year end audit adjustments.

Re-evaluation of investment in an available for sale asset

Additional market value information that became available after the issuance of the Q4 2019 interim report has resulted in a re-evaluation of investment in an available for sale asset downwards by EUR 1,379K.

For the condensed consolidated statements of operations, this has resulted in an increase in total comprehensive loss of EUR 1,365k.

For the statement of financial position, this has resulted in a EUR 1,379K reduction in deposits and other non-current assets and in shareholders' equity.

For the statement of cash flows, fair value movements has been reduced by EUR 1,379k.

Re-classification between trade receivables and trade payables

Trade receivables in the balance sheet has increased by EUR 875k whilst trade payables in the balance sheet has increased by EUR 852k due to re-classifications of credit balances in receivables to trade payables and debit balances in payables to trade receivables, with the net effect being related to currency fluctuations.

Re-classification of short term part of the Company's bonds

Re-classification of short-term bond payable to long-term bond payables in line with the interests accrued for the SEK300m bond repaid on April 22, 2020 and the SEK400m bond maturing in 2022.

Changes in Statements of cash flows

Ending cash balance in the cash flow statement has been reduced by EUR 5,738k due to a reclassification from cash and cash equivalents to assets held for sale in the annual report. This is the cash attributable to the B2C segment.

Purchase of property, plant and equipment have been reduced by EUR 1,031k due to adjustments in line with IFRS16 requirements.

In addition, lease payments as per IFRS 16 of EUR 2,876k has been reclassified from cash flows from operating activities to cash flows from financing activities.