

GiG

Q2 2019



14 August 2019



Today's presenter

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CEO

Outline

- Overview & Business Case
- Highlights
- Strategic & Business Update
- Outlook
- Q/A

GiG Overview & Business Case

Global technology provider of products and services in iGaming

- Online Gambling is an attractive industry with more than €50bn in revenues growing at 6% compound annual rate
- The industry is being transformed as countries are re-regulating gambling laws to capture online gambling. Increased taxation and regulatory burden is leading to margin pressure for operators and suppliers alike
- GiG is well positioned as a full service provider with operational experience offering platform, gaming and marketing services to a growing network of operators looking to outsource in order to scale at a competitive cost base
- GiG is accelerating the network with own operators and marketing services
- All services are offered in a fair and fun environment and GiG is gaining traction with its compliance service sold to several Tier 1 operators
- Experienced management team and board, strong diverse and dedicated workforce, overseeing a targeted and managed growth



~700

No of **Employees**



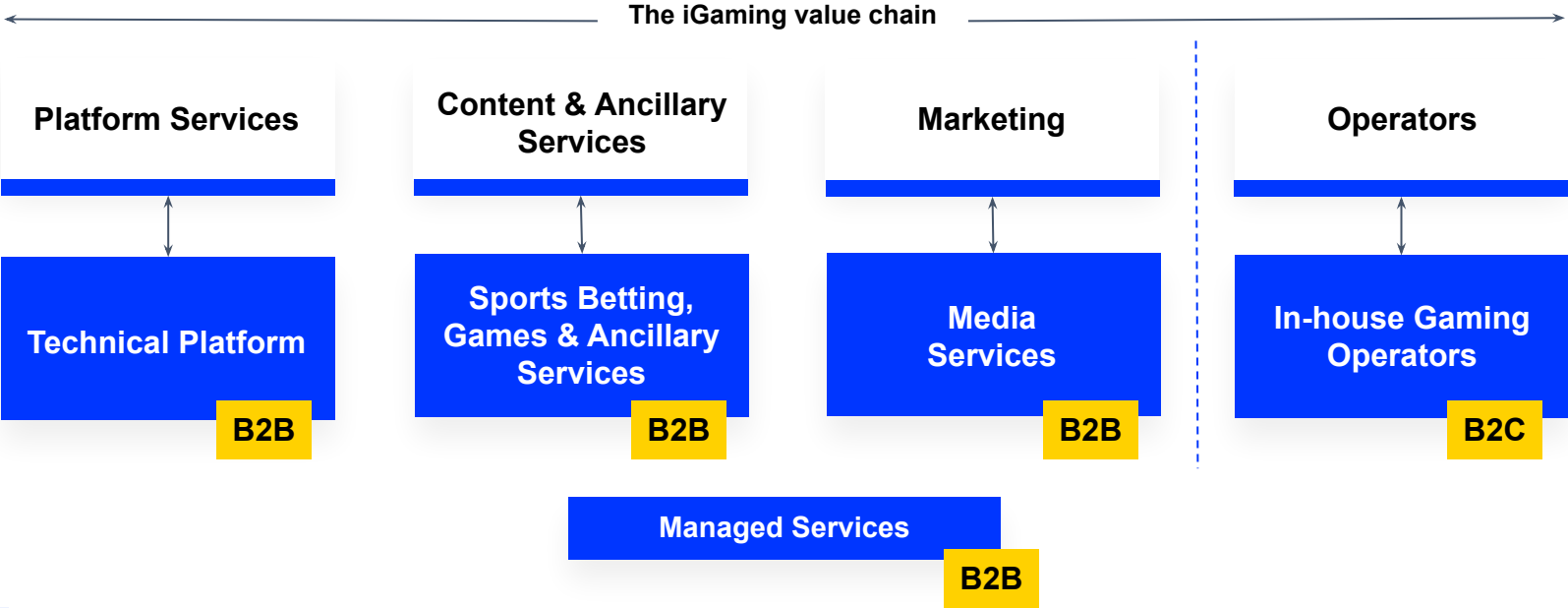
Offices in Malta, Denmark, Gibraltar, Norway, Spain, USA



Licences in Malta, UK, New Jersey, Germany S-H, Sweden, Spain, and Romania

GiG: iGaming solutions based on innovative technology

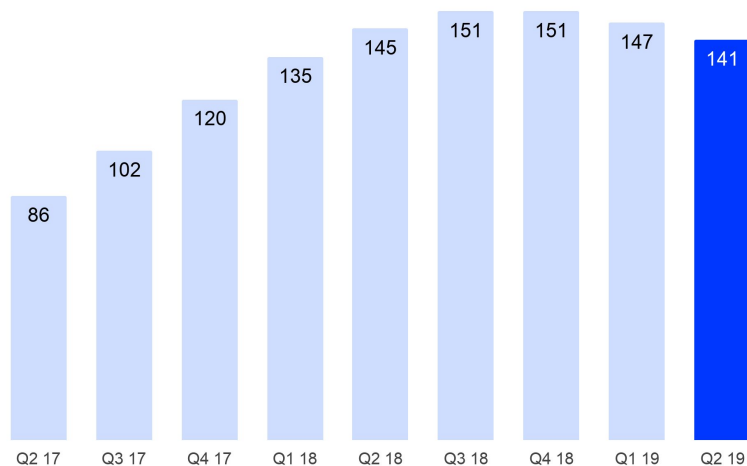
Products & services throughout the entire iGaming value chain



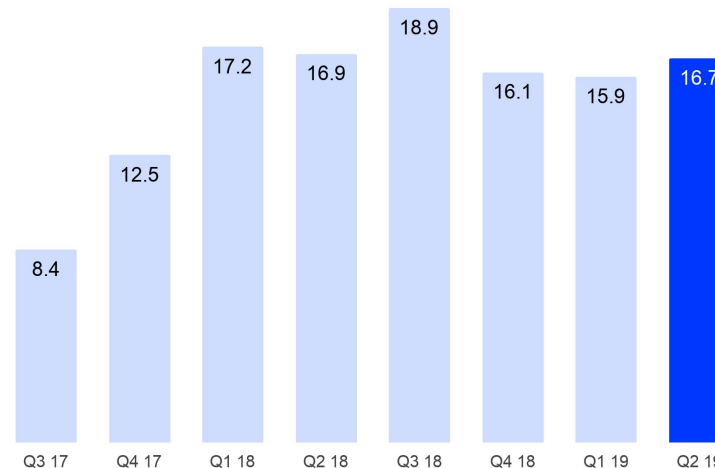
**“The Global Operator and Partner
for strong brands in iGaming”**

Stable development

12 months rolling revenues
EUR million



12 months rolling EBITDA
EUR million



Q2 Financial Highlights

€31m

Revenues
-16% Y/Y

€6.6m

Cost of sales
+3% Y/Y

€8.9m

Marketing
-32% Y/Y

€13m

Other opex
-17% Y/Y

€2.5m

EBITDA
+49% Y/Y

Q2 Operational Highlights

Positive outlook with many opportunities in both B2C and B2B

- GiG entered a new continent, signing and launching a turnkey online casino with SkyCity Entertainment Group, the largest leisure, entertainment and tourism company in New Zealand
- Strong potential pipeline of Turnkey and Modular customers
- Rizk with strong and profitable growth despite regulatory headwinds in Sweden
- All-time-high revenues in Paid Media alongside a robust overall Media performance
- Two licences (B2B & B2C) were granted in Spain plus a licence for affiliation in Romania
- GiG has, after the quarter, divested its brand Highroller to affiliate and operator Ellmount Gaming Ltd. for a total price of €7 million. The acquirer will become a B2B customer of GiG





Strategic Update



Strategic focus areas

Strategic intent: The global operator and partner for strong brands in iGaming

- Enable cost and scale advantages for the industry by connecting operators, suppliers and end users through the GiG platform
- Develop the technology and product to enable full business potential
- Scale the network through own operators and the high-margin media business in strategically aligned markets
- Attract and train the best staff to manage growth and execution

B2B update

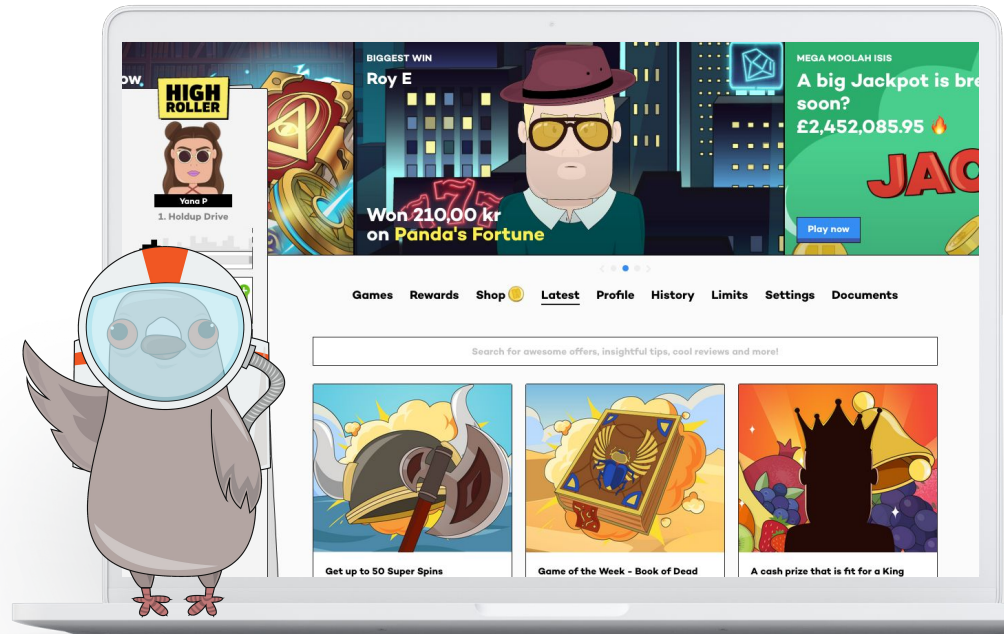
- GiG signed with New Zealand's largest casino and entertainment group SkyCity Entertainment Group, to provide a fully managed online casino to consumers in New Zealand, the site was launched on 8 August 2019
- Healthy pipeline of potential customers supported by track record, capability of delivering a fully managed iGaming solution globally and new modular products such as GiG Trader and GiG Comply
- Media Services' stable profit generation continues to enable investments for further growth and technology development
- Opportunity to grow both Paid media and Publishing in current and new markets such as Romania (licence acquired), North and Latin America plus Asia



Highroller.com divested for €7 million

B2C brand Highroller divested

- GiG is focusing marketing spend on Rizk.com in order to improve earnings quality by increasing brand equity in target markets
- Highroller has been returning strong KPIs and is therefore divested to a resourceful and capable B2B partner and affiliate: Ellmount Gaming
- Highroller was launched in December 2017, total investments of €3.5m
- H1 Revenue €1.4m and EBITDA €-0.2m
- The parties to immediately enter a white label agreement for Ellmount to continue the operation of the website. Migration to Ellmount licences at a later stage
- Acquisition price to be paid in equal tranches monthly over the contract term of 48 months



B2C development

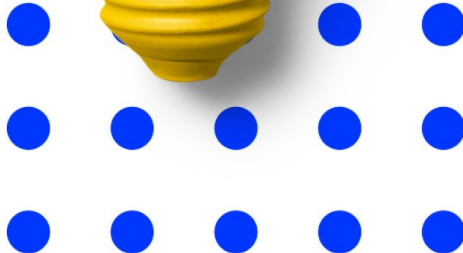


Strategic review in 2018 yielding positive results

- Fewer and larger brands: now operating 4 brands
- Improved EBITDA driven by lower marketing spend
- Strong growth in the Group's leading brand Rizk (73% of B2C revenues)

Healthy margins and earnings quality to be achieved through:

- Expansion in less mature and high-potential markets such as Spain (newly acquired licences), Latin America and parts of Asia
- Key focus on a sustainability model for regulated markets by focusing on player safety and UX



Sustainability

Sustainable and long-term profitable growth is at the core of all aspects of GiG's corporate strategy. GiG focuses its sustainability strategy on **areas most relevant to its business**, at the heart of which is responsible gambling.

Initiatives in Q2 2019:

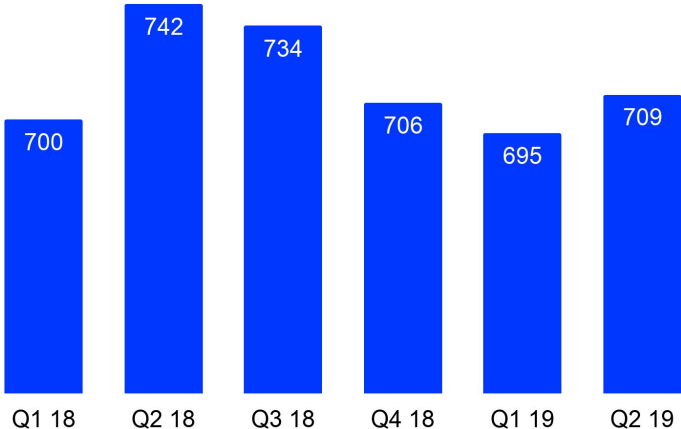
- Continued **investment in employees' knowledge and skills** to understand their individual and organisational responsibility towards responsible gambling.
- A **predictive model** based on artificial intelligence technology is being trialled live on all GiG's B2C brands. A machine-learning algorithm calculates the probability of self-exclusion of an individual player account within the first 3 depositing days of the customer life-cycle and **highlights accounts for responsible gaming review** and interaction by the in-house Player Safety Team.



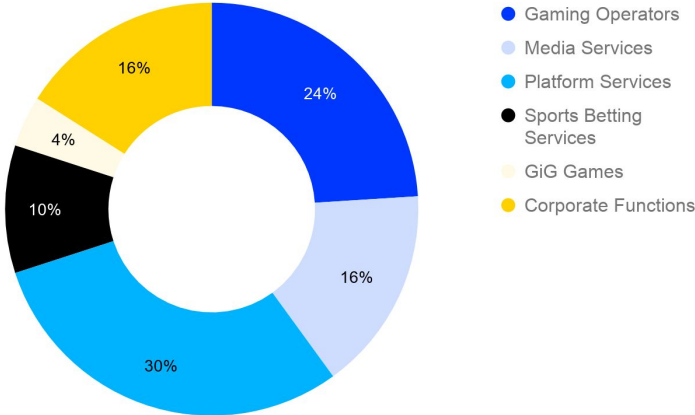
Operations

Continued strong focus on recruiting, training and empowering the best leadership and team

Headcount – end of quarter



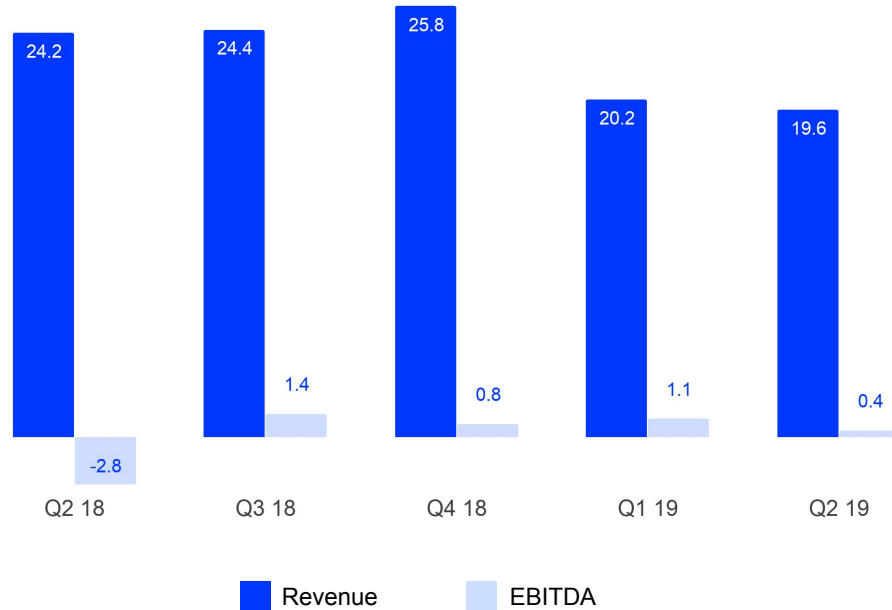
Headcount distribution



Business Update

Gaming operators (B2C)

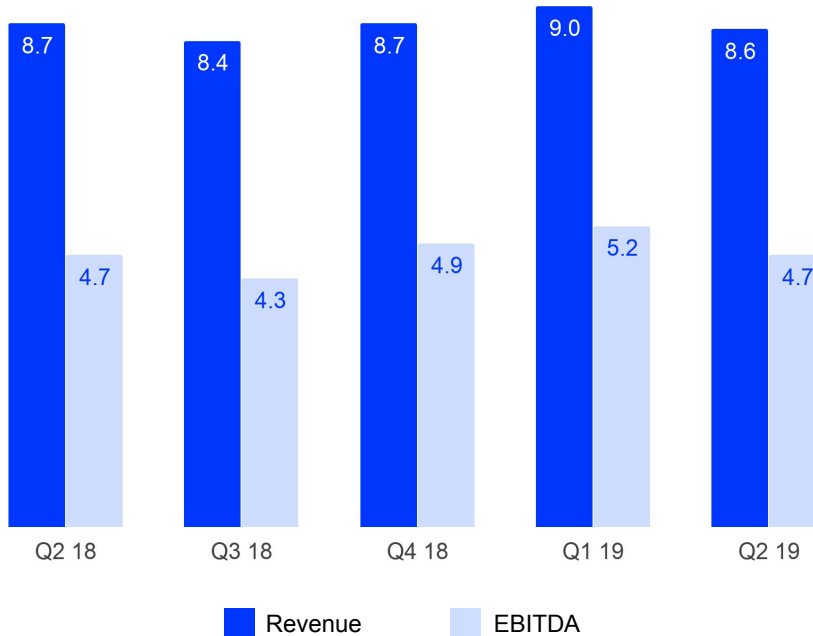
EUR million



- Revenues impacted by the Swedish market and lower than average casino margin
- Rizk represents 73% of B2C revenues with a YoY growth of 17%
- EBITDA improved YoY to €0.4m from €-2.8m
- Marketing costs decreased YoY by 37% and represented 42% (54%) of the B2C revenue
- 44% (45%) of revenues were generated from regulated and near-regulated markets
- GiG's subsidiary Zecure Gaming, sanctioned by the Swedish regulator, GiG has appealed

Media services (B2B)

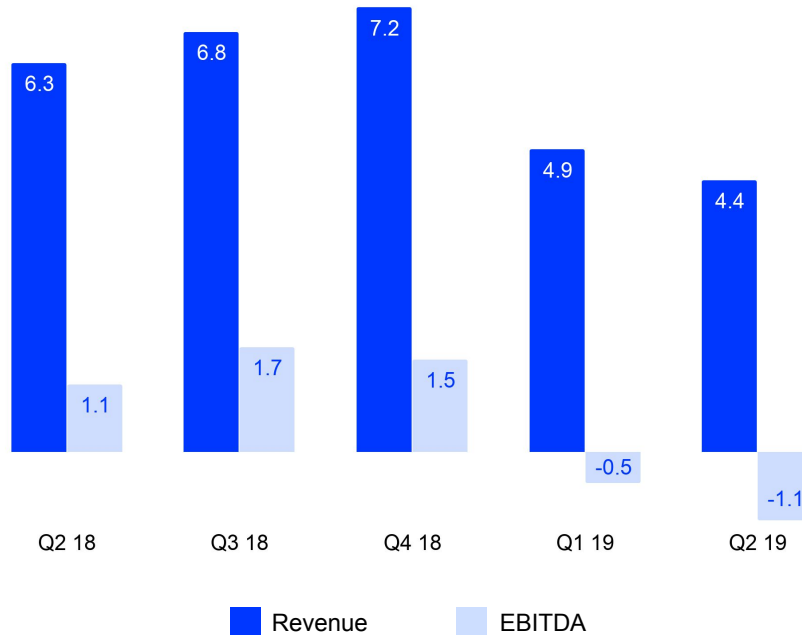
EUR million



- Solid development, Q2 2018 was boosted by the football World Cup
- 29,435 (31,445) FTD's referred, 5% to own brands and platform customers
- The paid model, representing 16% of Media revenues, regained profitability in Q1 and showed all-time-high revenue in Q2
- 60% of revenues from revenue share agreements, 17% from CPA ,21% from listing fees and 2% from Other
- First FTD sold in New Jersey through GiG's new site wsn.com

Platform services (B2B)

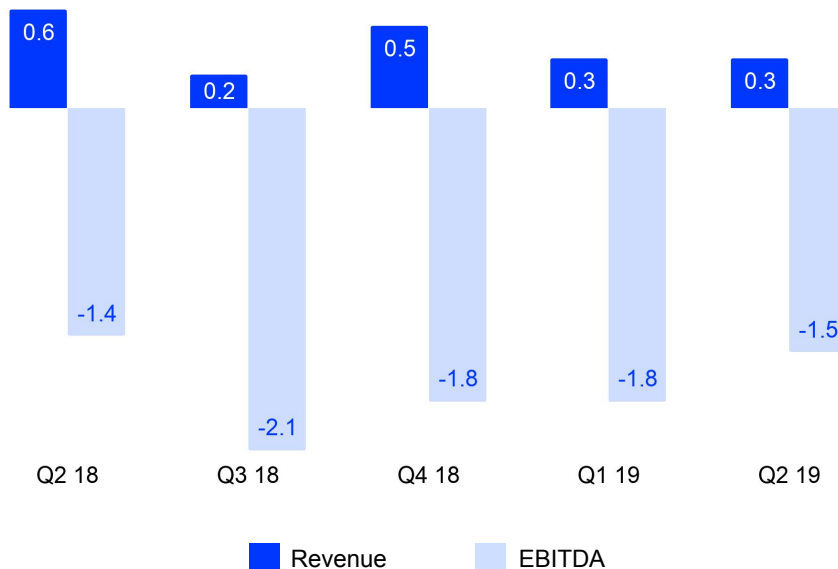
EUR million



- Revenues declined YoY due to the termination of a major customer impacting revenues in Q2 by ca €2.2 million
- Short-term impact moving from the white label model to a turnkey partnership model to support land-based operators into digital transformation
- EBITDA impacted by negative contribution of €0.8m from GiG Games and front end service
- Total database transactions was 4.7bn (4.6)
- 1 new brand signed in Q2, 2 brands launched with 3 in the pipeline and 4 brands discontinued their operations, 35 brands are operating on the platform

Sports betting services (B2B)

EUR million



- Break even (incl contribution from B2C NGR) is expected in H1 2020
- 4 external customers live with GiG's Sports Betting Services and 2 internal
- Legacy sportsbook platform phased out with the migration of Guts

Bond structure & loans

Gaming Innovation Group Plc. issued a new SEK400 million senior secured bond with a SEK1,000 million borrowing limit on 28 June 2019. The bond matures in June 2022 and will be listed on Nasdaq Stockholm in H2 2019.

SEK350 million of the new bond was used to refinance part of the existing GIGLTD01 bond, reducing the amount to SEK300 million. The balance was used to pay down the parent company's working capital facility and short term loans.

As at 30 June 2019, net interest bearing debt was EUR 52.4 million.

Guidance & Outlook

- **Sequential growth in revenues and EBITDA in H2 2019**
- Accelerate B2B sales, both turnkey solutions and modular sales
- New Front End framework launched with SkyCity, migration of all GiG hosted brands to follow suit in coming quarters will improve efficiency
- Launch of new Data platform expected in Q4
- Continue Rizk growth and expansion. Maintain healthy margin and earnings quality through mix of regulated and high potential markets
- Stable development in Media business
- Reduced non-marketing related OPEX through strong focus on execution



Q/A



Appendix

Largest shareholders 31 July 2019

Shareholder	# shares	%
Bryggen Holding AS	11,817, 839	13.1 %
Swedbank Robur Ny Teknik	8,300,000	9.2 %
Super Innovative Limited	6,446,427	7.2 %
Andre Lavold	4,978,982	5.4 %
Henrik Persson Ekdahl	4,522,582	5.0 %
Hans Michael Hansen	4,360,445	4.8 %
Skandinaviska Enskilda Banken nom.	4,091,472	4.5 %
Frode Fagerli	3 628,266	4.0 %
Stenshagen Invest AS	2,478,585	2.8 %
Ben Clemes	1,882,146	2.1 %
CMM Invest AS	1,752,467	1.9 %
Saxo Bank A/S	1,715,543	1.9 %
Ander Berntsen	1,667,8211	1.9 %
Digeelva Invest AS	1,602,213	1.8 %
Fondita Nordic Micro Cap	1,500,000	1.7 %
Mikael Riese Harstad	1,342,136	1.5 %
SEB Lux nom.	1,165,695	1.3 %
Myrlid AS	1,030,000	1.1 %
Symmetry Invest A/S	1,000,000	1.1 %
Carnegie Investment Bank AB	998,045	1.1%
Other	26,523,469	29.5 %
Total issued shares	90,012,661	100.0 %

Income statement

Q2 2019 - Quarterly Results

Condensed Statements of Operations in EUR 1 000
(Unaudited)

	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Revenues	30 971	36 885	63 394	74 224	151 372
Cost of sales	6 574	6 364	13 021	13 214	27 358
Gross profit	24 397	30 521	50 373	61 010	124 014
Gross profit margin	79%	83%	79%	82%	82%
Marketing expenses	8 909	13 155	17 492	25 018	47 247
One-off expenses	-	-	-	-	2 619
Other operating expenses	13 005	15 704	26 288	29 997	58 066
Total operating expenses	21 914	28 859	43 780	55 015	107 932
EBITDA	2 483	1 662	6 593	5 995	16 082
Depreciation & amortization	6 511	4 890	13 077	9 590	19 973
Impairment of intangibles	-	-	-	-	13 726
EBIT	-4 028	-3 228	-6 484	-3 595	-17 617
Financial income (expense)	-2 039	-972	-2 294	352	-4 210
Other income (expense)	-3	-48	-33	-143	-113
Result before income taxes	-6 070	-4 248	-8 811	-3 566	-21 940
Income tax refund (expense)	-62	-202	-197	-180	-815
Net result	-6 132	-4 450	-9 008	-3 566	-22 755
Marketing in % of revenue:	29%	36%	28%	34%	31%
Other operating in % of revenue:	42%	43%	41%	40%	38%
EBITDA in % of revenue:	8%	5%	10%	8%	11%

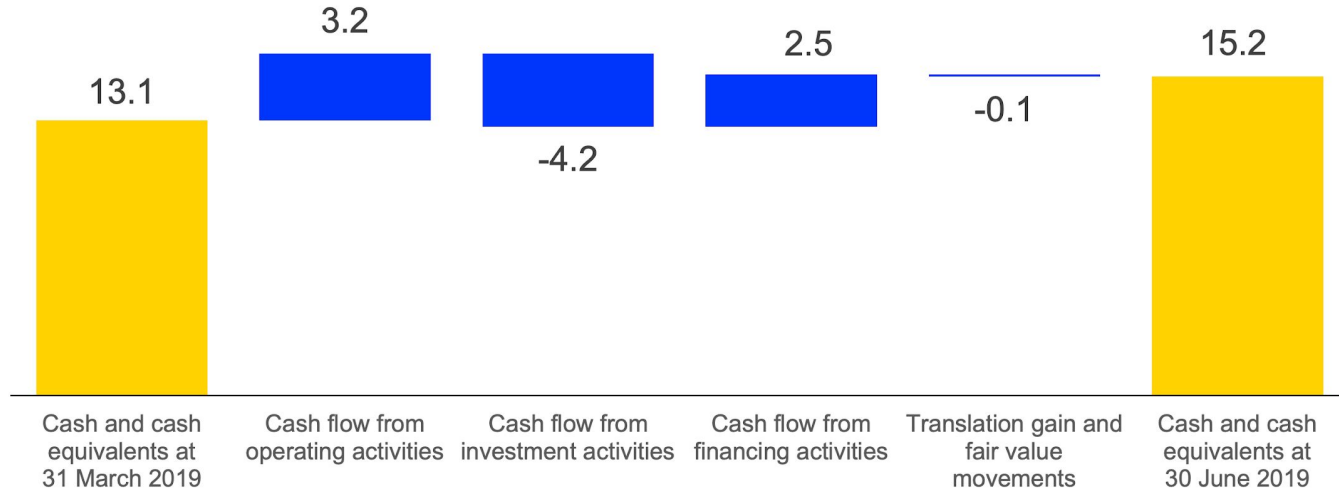
Cash flow

In EUR 1 000	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Cash flow from operating activities	3 189	8 249	5 818	10 259	12 484
Cash flow from investment activities	-3 469	-3 068	-7 649	-6 558	-12 386
Cash flow from financing activities	2 446	-	2 446	-	2 374
Translation (loss)/gain	-49	156	-80	242	133
Fair value movements	-47	-24	-8	2	-15
Net change in cash and cash equivalents	2 070	5 313	529	3 945	2 590
Cash and cash equivalents at start of period	13 126	10 711	14 669	12 079	12,079
Cash and cash equivalents at end of period	15 196	16 024	15 196	16 024	14 669

Balance sheet

Condensed Balance Sheet in EUR 1 000 (Unaudited)	30 June 2019	30 June 2018	31 Dec 2018
Assets			
Goodwill	69 525	69 653	69 570
Intangibles assets	63 012	88 217	69 253
Deposits and other non-current assets	26 208	8 175	8 061
Total non-current assets	158 745	166 045	146 884
Prepaid and other current assets	54	52	5
Trade and other receivables	21 990	20 712	28 473
Cash and cash equivalents	15 196	16 024	14 669
Total current assets	37 240	36 788	43 147
Total assets	195 985	202 833	190 031
Liabilities and shareholders' equity			
Total shareholders' equity	78 362	106 269	88 072
Trade payables and accrued expenses	31 583	31 570	34 204
Short term loans	619	-	617
Bond payable	27 674	-	-
Total current liabilities	59 876	31 570	34 821
Bond payable	38 148	62 798	64 230
Deferred tax liability	1 117	1 110	955
Other long term liabilities	18 482	1 050	1 953
Total long term liabilities	57 747	64 958	67 138
Total liabilities	117 623	96 528	101 959
Total liabilities and shareholders' equity	195 985	202 833	190 031

Strong cash position



Legal disclaimer

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