

Gaming Innovation

Reason: In-depth research

Company sponsored research

Not rated

Affiliate and B2B in focus

- Focus on profitability and deleveraging...
- ...exposure to affiliate business and B2B...
- ...but risks remain

New focus on profitability...

The relatively new Gaming Innovation Group (GIG) was established in 2012 and expanded rapidly into the various areas of the iGaming chain until practically present in all parts of the ecosystem. The company endured some growing pains, as some endeavours did not deliver immediate profit contribution. Today, the company has pivoted towards making its business leaner. For example, it shut down its game development operations to narrow the focus and improve cash flow. It also sold its business-to-consumer (B2C) brands Rizk, Guts, Kaboo and Thrills in a EUR 31m deal to Betsson. The proceeds were then used to repay the company's SEK 300m bond ('17-'20).

...with new explicit attention on affiliate business and B2B

GIG is currently exposed to two segments of the iGaming value chain. It has an affiliate marketing division (+50% EBITDA margin). On top of that, GIG has a Business-to-Business (B2B) cloud-based platform model focused on providing an omnichannel solution to land-based clients (such as HardRock) to help them transition into the online gambling business. Lastly, GIG has a commercial sportsbook that it built from the ground up, but which has yet to make a mark on the sports betting landscape and is not yet profitable.

Risk areas still needs to be addressed

We view GIG as a high-risk business case due to the inherent nature of the business and the current financial profile. We note that GIG has a long-term bond due in June 2022 coupled with a commitment (one part of the bond agreement) to deliver break-even EBITDA in its sportsbook by Q3 2020e. The sportsbook has posted LTM revenue of EUR 0.9m vs. LTM costs of EUR 7.6m; it is obvious that GIG has a large gap to close over a relatively short timeframe. However, on top of previous cost initiatives, management initiated further cost cuts in April/May, which should reduce costs by EUR 400,000 per month.

Lead analyst: Erik Moberg
Aksel Øverland Engebakken

EURm	2018	2019	2020e	2021e	2022e
Sales	151	123	76	61	62
EBITDA	3	-30	17	21	21
EBITDA margin (%)	1.8	-24.4	22.1	33.8	33.4
EBIT adj	-17	-56	-5	-1	-2
EBIT adj margin (%)	-11.4	-45.3	-7.2	-1.0	-2.7
Pretax profit	-19	-64	-7	-3	-1
EPS rep	-0.22	-0.72	-0.08	-0.04	-0.02
EPS adj	-0.22	-0.72	-0.08	-0.04	-0.02
Sales growth (%)	25.7	-18.7	-37.8	-20.5	2.0
EPS growth (%)	-4,611.8	-226.8	88.7	54.0	43.1

Source: ABG Sundal Collier, Company data

Estimate changes (%)

	2020e	2021e	2022e
Sales	-47.1%	-63.2%	0.0%
EBIT (rep)	-176.5%	-102.9%	0.0%
EPS (rep)	-3,150.8%	-325.9%	0.0%

Source: ABG Sundal Collier

Share price (SEK) 25/06/2020 5.7

Online Gaming, Norway

GAMIG.OL/GIG NO

MCap (SEKm) 511

MCap (EURm) 48.8

Net debt (EURm) 37

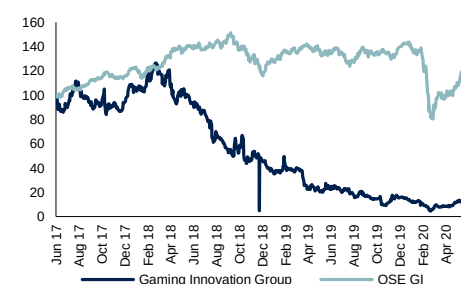
No. of shares (m) 90.0

Free float (%) 100.0

Av. daily volume (k) 1.4

Next event Q2 report: 11 Aug

Performance



	1m	3m	12m
Absolute (%)	-3.7	67.1	-53.5
OSE GI (%)	0.3	17.6	-9.0

Source: FactSet

	2020e	2021e	2022e
P/E (x)	-6.7	-14.5	-25.6
P/E adj (x)	-6.7	-14.5	-25.6
P/BVPS (x)	4.47	6.47	8.66
EV/EBITDA (x)	5.1	3.6	3.0
EV/EBIT adj (x)	-15.7	-127.8	-37.7
EV/sales (x)	1.12	1.23	1.01
ROE adj (%)	-44.0	-36.3	-29.0
Dividend yield (%)	0	0	0
FCF yield (%)	89.2	28.5	30.4
Lease adj. FCF yld (%)	83.5	22.8	24.6
Net IB debt/EBITDA	2.2	1.3	0.7
Lease adj. ND/EBITDA	1.7	0.7	0.0

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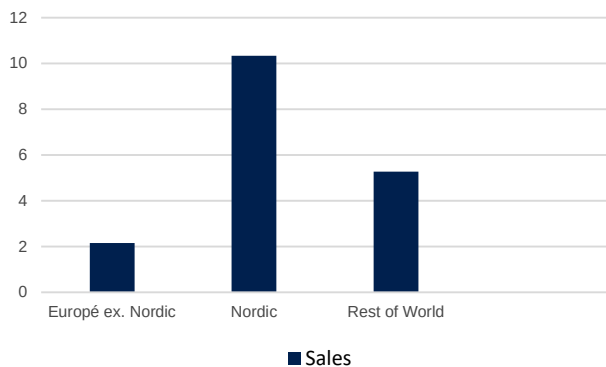
Opportunities

GIG's opportunity within its B2B platform and affiliate business is to expand the operations by increasing the geographic footprint. Furthermore, there are M&A opportunities present in the affiliate segment.

Risks

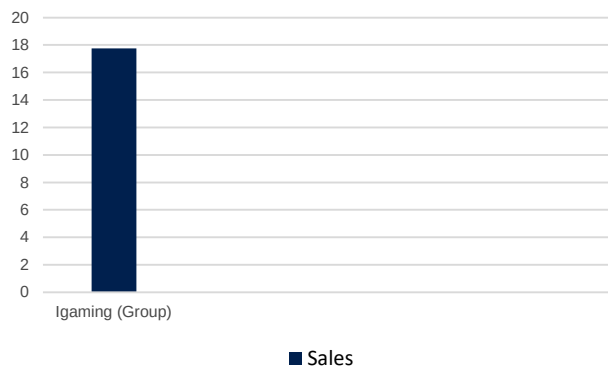
We view GIG as a high-risk business case due to the inherent nature of the business and the current financial profile. We see regulatory risks (could face litigation if it fails to comply with local laws and practices in the regions where it operates) and counterparty risk (faces many counterparties, and some customers on the B2B side are smaller firms with low levels of solidity). We also note that GIG is exposed to financial risk as it has a long-term bond due in June 2022 coupled with a commitment (through its bond agreement) to deliver break-even EBITDA in its sportsbook by Q3 2020e.

Geographical breakdown, sales, EURm



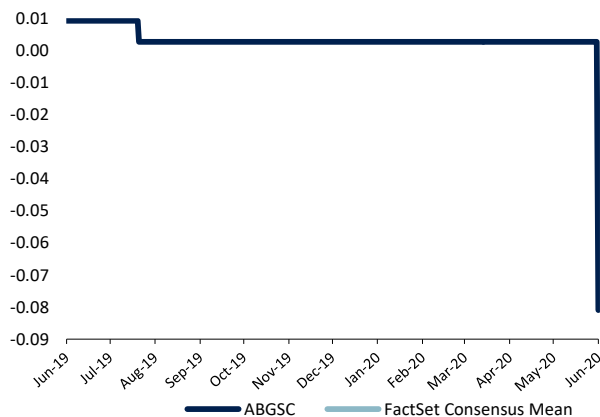
Source: ABG Sundal Collier, Company data

Business area breakdown, sales, EURm



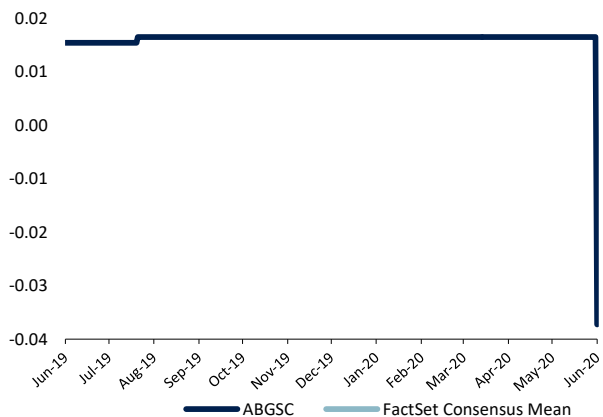
Source: ABG Sundal Collier, Company data

EPS estimate changes, 2020e, EUR



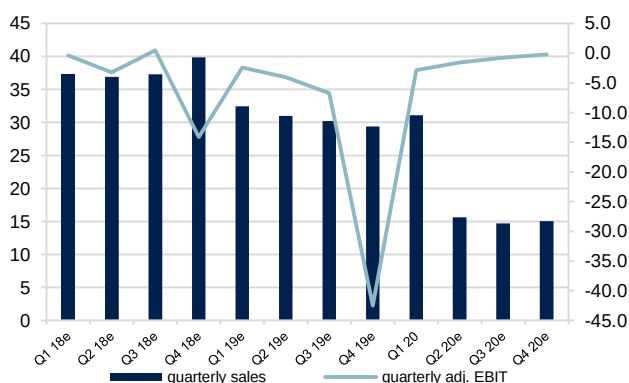
Source: ABG Sundal Collier, FactSet

EPS estimate changes, 2021e, EUR



Source: ABG Sundal Collier, FactSet

Quarterly sales and adj. EBIT, EURm



Source: ABG Sundal Collier, Company data

Company description

GIG is a young company that sells products to a large part of the online gambling value chain. It sells marketing services to other gambling operators and sells its own software platform and sportsbook to other B2C operators, as well as land-based casinos, enabling them to offer casino and sports betting services. GIG's footprint is in Western Europe, but it also has US exposure through selling B2B services.

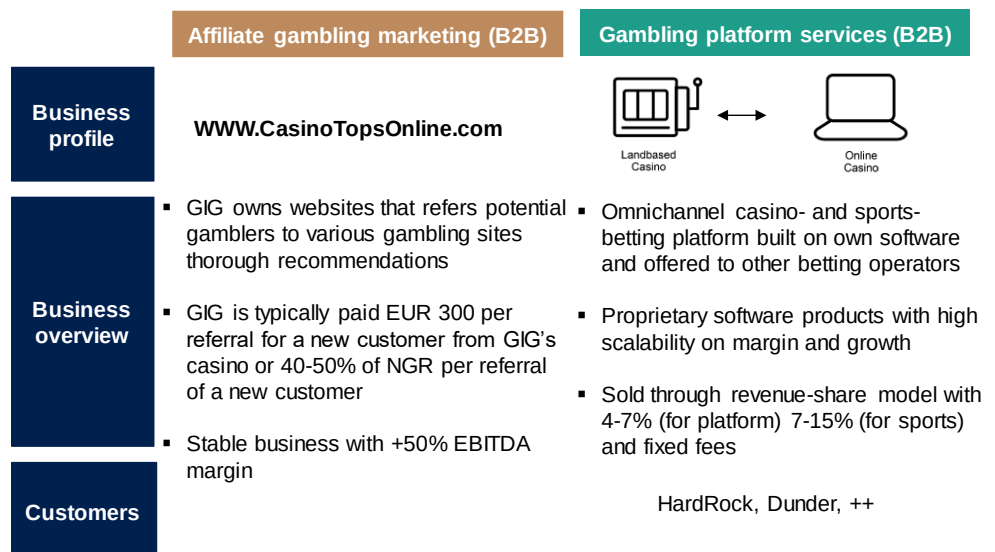
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GIG in brief

GIG is a young company that sells products to a large part of the online gambling value chain. It sells marketing services to other gambling operators and sells its own software platform and sportsbook to other B2C operators, as well as land-based casinos enabling them to offer casino and sports betting services. GIG's footprint is within Western Europe, but it also has US exposure through selling B2B services.

GIG overview

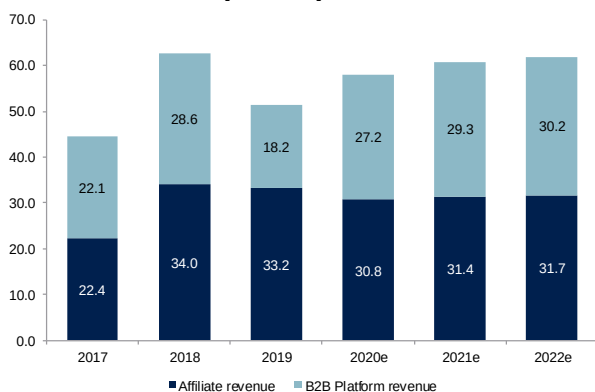


Source: ABG Sundal Collier, company data

History and track record

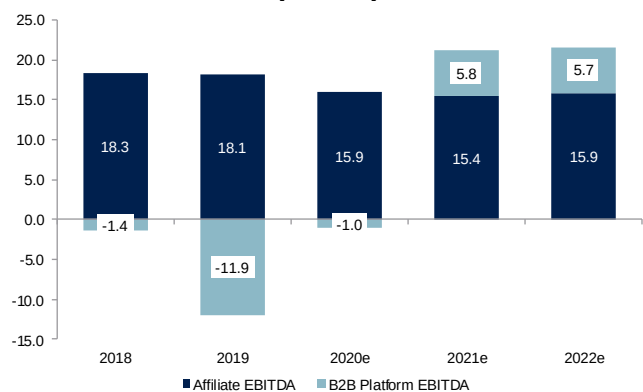
Gaming Innovation started its journey in 2012 and has since expanded through a combination of acquisitions and organic growth. Today, its primary earnings source is its affiliate business, of which the lion's share was acquired in 2017. The company has recently experienced headwinds due to (1) tougher market conditions in key markets and (2) limited financial success within its B2B platform services segment where high investments have diluted profits.

Sales, 2018-2022e (EURm)*



Source: ABG Sundal Collier, company data* Note

EBITDA, 2018-2022e (EURm)



Source: ABG Sundal Collier, company data

Opportunities

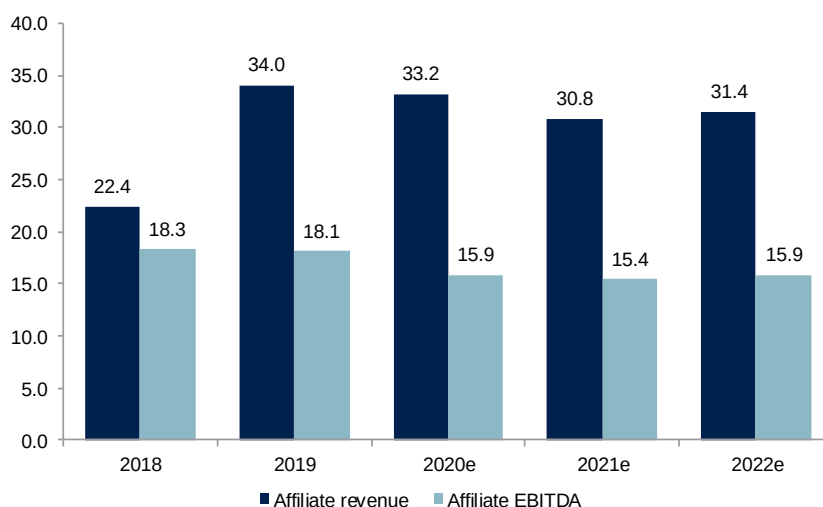
Below we list three current opportunities:

To tap into major secular growth as US market opens up: GIG has teamed up with HardRock and supplies that company with its online casino and sportsbook offering in New Jersey and Iowa. If GIG is able to catch up with competitors within B2B sportsbook, this could become a growth catalyst as more states in the US are set to regulate online gambling. In addition, GIG has also started to position its affiliate business for the US.

To capitalise on years of investment in its own software product: GIG has consistently invested in its B2B software platform for the past four years. As of late, the company has purpose-built the platform as a bridge platform for land-based casinos looking to ramp up their online efforts. So far, GIG has captured two casino chains (HardRock and Skycity).

To harvest cash from a highly cash-generative affiliate business: GIG has an affiliate business that has delivered solid results with LTM EUR 17.4m in EBITDA and over 50% margin. While GIG previously used these earnings to fund growth investments in other segments, we expect that the company will now constrain investments and thereby use the affiliated cash flow to strengthen its own solidity. This could help GIG reduce its funding cost, which is high at the moment (pre-tax cost of debt at 9%).

Affiliate revenue and EBITDA (EURm)



Source: ABG Sundal Collier, company data

Risks

We view GIG as a high-risk business case due to the inherent nature of the business and the current financial profile.

Financial risk. GIG has bonds outstanding that carry high interest. The current cost of debt is 9%. The bond is due in June 2022 and GIG also has a commitment (through its bond agreement) to deliver break-even EBITDA in its sportsbook by Q3 2020. The sportsbook has posted LTM revenue of EUR 0.9m vs. LTM costs of EUR 7.6m. As such, it is obvious that GIG has a large gap to close in a relatively short time.

GIG bonds overview

ISIN Code	Issue Date	Outstanding amount	Borrowing limit	Terms	Maturity date
NO0010858400	28-Jun-19	SEK400m	SEK1,000,000	Floating coupon of 3 months STIBOR + 9%/Y	28-Jun-22

Source: ABG Sundal Collier, company data

Source: ABG Sundal Collier, company data

Regulatory risk: Due to the complexity in the value chain (e.g. GIG has clients that operate locally based on GIG's licence, making GIG the party responsible for clients' actions) and in the relevant regulatory schemes. However, GIG is set to stop with the white-label model by the end of 2020, thus reducing this risk.

Counterparty risk: GIG faces many counterparties, and some customers on the B2B side are smaller firms with low levels of solidity. We have seen many examples of customers shutting down operations in the past.

Estimates

GIG has experienced headwinds for the past 12 months. However, the affiliate segment appears to have stabilised, and in Q1 it saw a sequential improvement for the first time since Q1'19. Based on the recent trading update, it also appears that Platform services is on the right track again and should start to see improvements q-o-q. However, given the rapidly changing nature of the industry and the fact that GIG has not delivered consistent sequential or y-o-y growth in some time, we have been conservative in our estimates for 2021 and 2022 and assumed low single-digit y-o-y growth for the group.

Estimate snapshot

In EURm (besides per share data)			
	2020e	2021e	2022e
Total revenue:	76.5	60.7	61.9
Sportsbook	1.5	1.5	1.5
B2B Platform services	25.8	27.8	28.6
Affiliate	30.8	31.4	31.7
Discontinued	18.4	0.0	0.0
COGS	-7.7	-1.2	-1.2
Gross Profit	68.8	59.5	60.7
Opex	-52.6	-39.0	-40.0
EBITDA	16.2	20.5	20.7
D&A	-21.7	-21.1	-22.4
EBIT	-5.5	-0.6	-1.7
Net Income	-8.6	-3.4	-1.9
EPS	-0.10	-0.04	-0.02
EBITDA bridge:			
Sportsbook	-3.3	0.5	0.5
B2B Platform services	2.3	4.7	4.6
Affiliate	15.9	15.4	15.5
Discontinued	1.3	0.0	0.0
Growth Y-o-Y			
Sportsbook	45.5%	3.0%	3.0%
B2B Platform services	49.9%	7.9%	3.0%
Affiliate	(7.2%)	2.0%	1.0%

Source: ABG Sundal Collier, company data

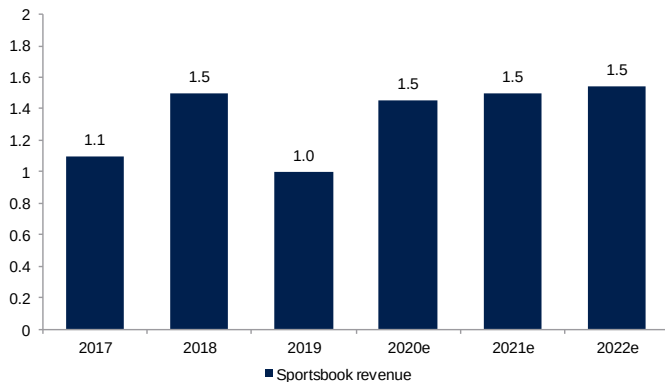
Below we highlight the key reasons behind revenue and margin assumptions.

Revenue assumptions

Sportsbook

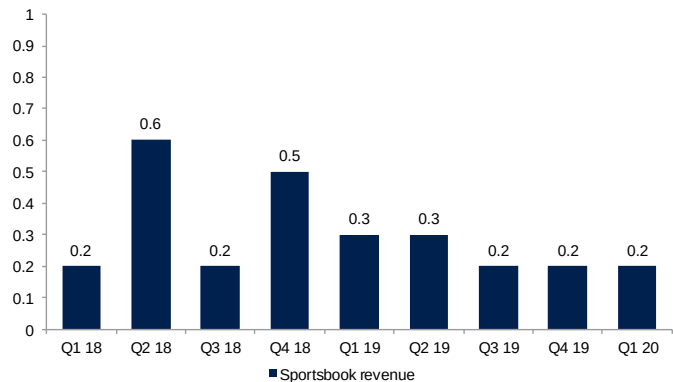
GIG has yet to prove itself within sportsbook and we note that the pipeline in the near term appears somewhat limited. As such, we see it rather unlikely that GIG will boost sales over the remainder of the year. Given the company's limited track record, we are conservative in our approach and estimate flattish sales over the coming years for GIG's sportsbook.

Sportsbook revenue 2017-22e (EURm)



Source: ABG Sundal Collier, company data

Sportsbook revenue, Q1'18-Q1'20 (EURm)



Source: ABG Sundal Collier, company data

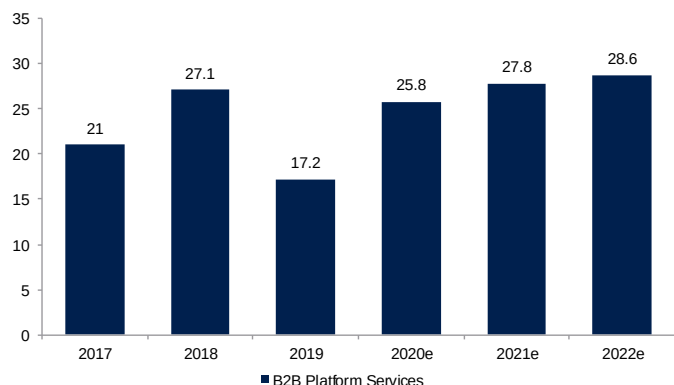
B2B Platform services

GIG has struggled with its B2B platform segment lately. Previously, the Platform services business had long been successful. GIG attracted companies to the platform to operate on its infrastructure, and GIG was paid through a revenue share agreement. With a stream of new clients that were also (on average) growing their own businesses, GIG enjoyed solid sales growth. The iGaming sector today, however, has seen recent headwinds stemming from growing regulatory pressure, and consequently GIG has switched its focus from smaller customers to larger ones with longer sales cycles, implementation and ramp-up cycles. This has taken a toll on revenue and profitability. GIG also let go of one of its largest customers at end-2018 (due to compliance risk), which further hampered the 2019 financials. In addition, many of GIG's clients with high exposure to the Swedish market have suffered from lower business momentum in 2019. We believe this effect will stabilise during 2020.

We also note an encouraging trading update¹, which stated that Platform services in April generated average revenue up 35% vs. the Q1 average, indicating that the business was on the right track again. Moreover, in conjunction with the sale of the B2C division, a deal with Betsson valued at ~EUR 50m (EUR 23m in upfront purchase price) was announced. In light of the revenue share agreement (~5% of GGR since the acquired brands already have licenses), we estimate that the premium fee will amount to ~EUR 1.5m per quarter. However, for our 21 and 22 estimates given the headwinds that the division experienced prior to this quarter, we are conservative and assume that the division will experience low single-digit growth, (when excluding the recently signed GS Technologies for 21e).

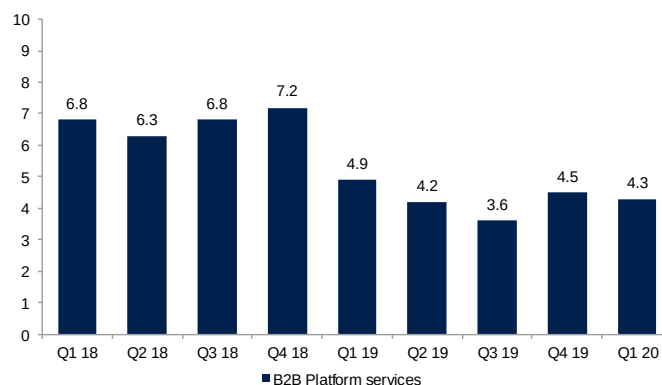
¹ May 5th (per 'Q1 20 report)

B2B platform revenue, 2017-22e (EURm)



Source: ABG Sundal Collier, company data

B2B platform revenue, Q1'18- Q1'20 (EURm)

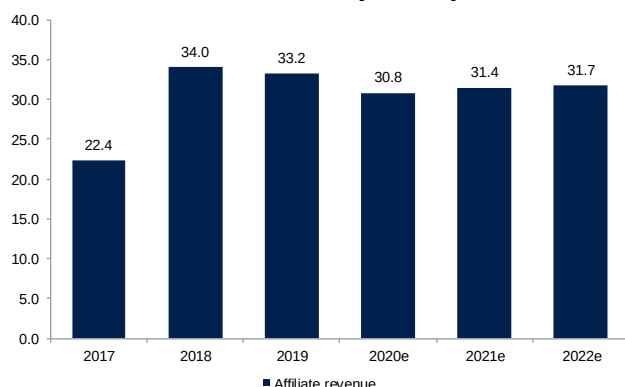


Source: ABG Sundal Collier, company data

Affiliate

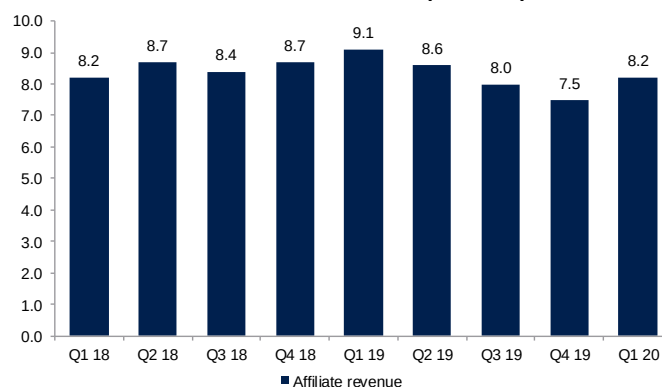
GIG's affiliate business has also suffered under the market headwinds experienced during the last 12 months. Looking at GIG's affiliate business, it is relatively mature with very high margins. We have seen a recent shift in how GIG has been compensated for its player referrals. Now, an increasing amount of referred players are sold on the "Cost Per Acquisition" payment method (i.e. full upfront payment) instead of the classic "Revenue share" model where the affiliate obtains a perpetual revenue stream attached to related future gross gaming revenue (GGR) from the referral (but with lower upfront payment). This shift boosts the short-term revenue as the upfront payment is higher, but this shift cannot be extrapolated infinitely.

Affiliate revenue, 2017-22e (EURm)



Source: ABG Sundal Collier, company data

Affiliate revenue, Q1'18-Q1'20 (EURm)



Source: ABG Sundal Collier, company data

Margin assumptions

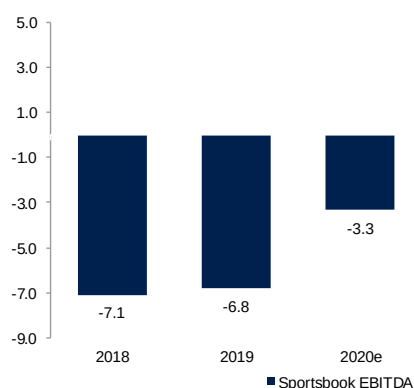
Sportsbook

GIG has committed itself (through its bond agreement) to deliver break-even EBITDA in its sportsbook by Q3 2020e. Given LTM sales of EUR 0.9m vs. LTM costs of EUR 7.6m, it is obvious that GIG has a large gap to close over a relatively short timeframe. There are two ways to close the gap: higher sales or lower costs. Given that a revenue increase from current customer HardRock has not yet materialised, and with limited signs of other new sportsbook customers, it seems unlikely that GIG can rapidly boost sales over a short time period.

We therefore see it likely that GIG will need to implement further cost initiatives (it has already announced EUR 400,000/month reductions) or strategic initiatives. Even though GIG is now entering more of a maintenance phase that should require fewer resources than the development phase, to a large extent sportsbook is still a fixed cost business. As such, it might be a better option to team up with third-party providers that can offer some of the services in GIG's overall solution.

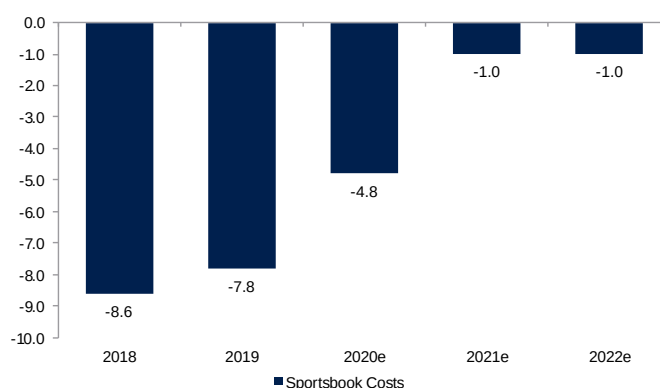
This will remove some of upside potential, but could also help open up a path to profitability. Spinning off the sportsbook solution is a potential third option. GIG has a fully operational omnichannel sportsbook that could have strategic value for various industry players. Currently, we estimate that GIG will deliver break-even EBITDA in Q3'20 through the EUR 400,000/month cost reductions as well as strategic initiatives.

EBITDA, 2018-22e (EURm)



Source: ABG Sundal Collier, company data

Costs, 2018-22e (EURm)

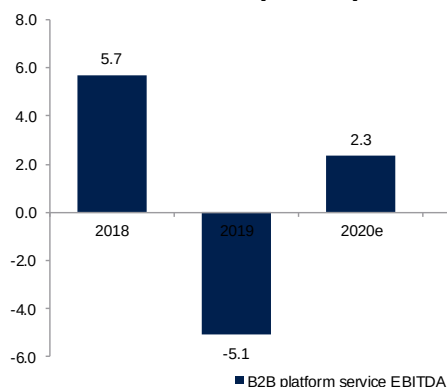


Source: ABG Sundal Collier, company data

B2B Platform services

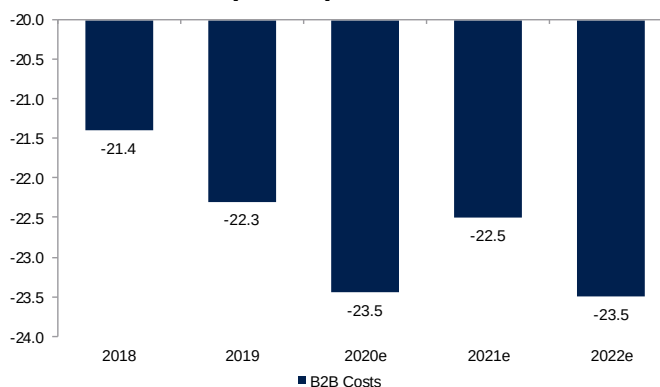
To a large extent this business has a fixed cost base. We expect costs to remain relatively flat with Q1 costs, meaning that when we begin to include contribution from the Betsson contract, we are optimistic that the segment will start to become profitable again.

EBITDA, 2018-22e (EURm)



Source: ABG Sundal Collier, company data

Costs, 2018-22e (EURm)

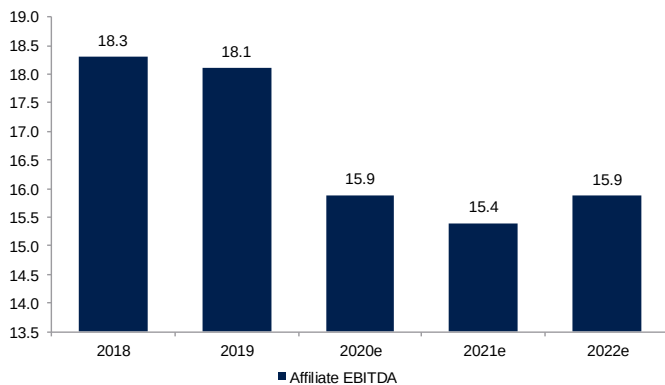


Source: ABG Sundal Collier, company data

Affiliate

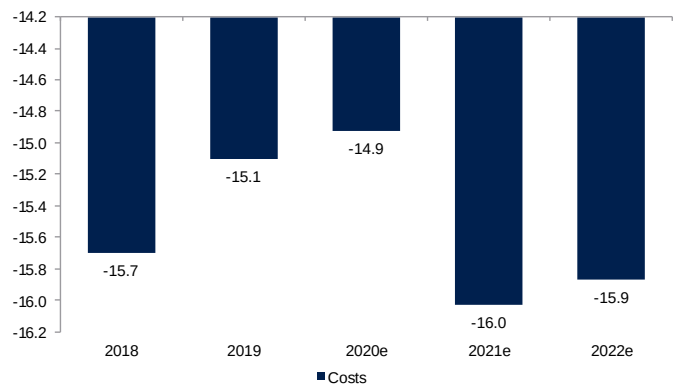
GIG has a very high EBITDA margin; this reflects mature sites and minor expansion costs in regards to building up new properties in new markets. Over time, we expect that margins will revert towards 45%.

EBITDA, 2018-22e (EURm)



Source: ABG Sundal Collier, company data

Costs, 2018-22e (EURm)



Source: ABG Sundal Collier, company data

Balance sheet overview and estimates

Non-current assets

GIG's non-current assets include intangible assets and goodwill derived from various transactions and development of own brands. We note that out of the EUR 11m in cash in Q1 20, ~EUR 8.7m consisted of fiduciary capacity (customer deposits). The company has a bond maturing in 2022 (EUR 33.3m).

Non-current assets

Intangible assets amount to ~EUR 38m. B2B (~EUR 32m) includes two business activities:

- **Performance Marketing:** This sub-segment has a high value in use relative to its intangible assets, according to the company. Thus, the impairment risk is low.
- **Technology Services:** GIG invested in a new sportsbook and a games studio in 2018, and the risk of impairment is uncertain due to the start-up nature of these segments.

Other (~EUR 5.5m): Other consists of internally developed platforms, as well as several other acquisitions. The B2B software platform is thought to have large value potential if successful due to strong scalability. At the same time, however, the recent performance trend has been negative and the unit is not generating a positive contribution. Impairment risk is possible, though likely not imminent.

Goodwill of EUR 15m is broken down as follows: EUR 10m relates to the reverse merger of Nio/GIG in 2015. The remaining EUR 5m relates to the purchase of Rebel Penguin, which is the paid media part of the media business in Copenhagen. According to management, there is no risk of impairment to any of these.

Current assets

We estimate that the cash balance at the end of 2020 will amount to EUR 9m.

Current liabilities

We estimate that trade payables and accrued expenses will amount to EUR 29m.

Long-term liabilities

EUR 68m of which EUR 33 relates to bond payable in 2022. The bond carries STIBOR + 9% and is paid quarterly. One part of the bond agreement is to deliver break-even EBITDA in its sportsbook by Q3 2020e. The remaining covenants include: net debt/EBITDA cannot exceed 4.0x from June 30 2020 and net debt/EBITDA cannot exceed 3.0x from June 30 2021

Snapshot of Balance sheet

Balance sheet (In EURm)	2020e	2021e	2022e
Non Current Assets:			
Goodwill	15	15	15
Intangible Assets	39	24	8
PPE	7	9	11
Deposits and other non-current assets	16	15	12
Non Current Assets:	77	63	47
Current Assets			
Prepaid and other current assets	0	0	0
Trade and other receivables	21	25	25
Cash and cash equivalents	9	21	10
Total current assets	31	45	35
Total Assets	108	108	81
Shareholders' Equity	11	8	6
Liabilities:			
Trade payables and accrued expenses	27	31	32
Other	2	2	2
Short-term loans	0	0	0
Bond Payable	0	33	10
Total Current Liabilities	29	67	44
Bond payable	33	0	0
Other long-term liabilities	35	34	32
Total long-term liabilities	68	34	32
Total liabilities & SE	108	108	82

Source: ABG Sundal Collier, company data

Snapshot of cash flow statement

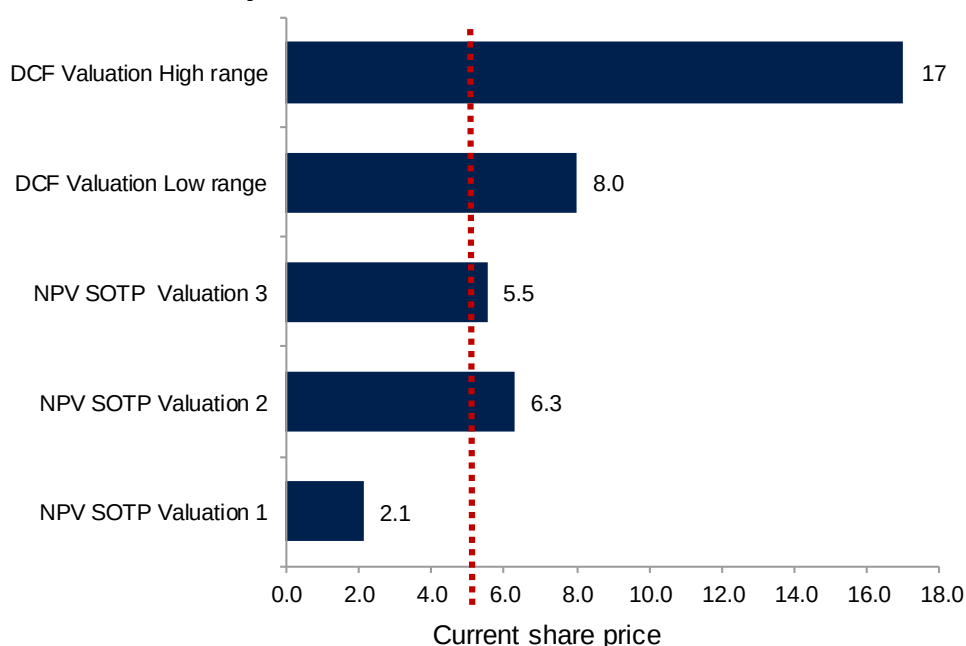
Statement of Cash flow (In EURm)	2020e	2021e	2022e
Cash flow from operations	19	19	21
CAPEX	-5	-5	-6
Other	29	0	0
Cash flow from investing activities	24	-5	-6
Cash flow from financing activities	-37	-3	-26
<i>Translation loss</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Fair value movements</i>	<i>-1</i>	<i>0</i>	<i>0</i>
Net Increase/decrease in cash	5	11	-11
 FCF	 12.5	 13.9	 14.8
<i>Source: ABG Sundal Collier, company data</i>			

Valuation

Given the industry's rapidly changing nature, the long-term bond due in June 2022 and the commitment (through GIG's bond agreement) to deliver break-even EBITDA in its sportsbook by Q3 2020e, we believe that a certain risk premium is warranted, and argue that a WACC of in the range of 10-14% is reasonable. Our three SOTP valuation scenarios give us a fair value range of SEK 2.1-6.3, while our DCF valuation implies a fair value range of SEK 8-17

We use two valuation methodologies, a sum-of-the-parts methodology (three scenarios) and a DCF valuation. Below, we walk through Gaming Innovation's segment peer groups, and we include the key assumptions within our valuation approaches.

Valuation summary



Source: ABG Sundal Collier, company data

Peer overview

After the sale of its B2C division, GIG now has exposure to affiliate marketing as well as B2B software services (both platform and sportsbook). However, the sportsbook is yet to be profitable and thus we have decided to evaluate peers within B2B platform suppliers in the casino arena as well as affiliates.

Affiliate market overview

The affiliate segment is fragmented, but we believe this will change due to regulation and a greater focus on compliance. We also note that regulation will hurt profitability as betting duties are increasing for B2C operators. The affiliate business model is asset-light and costs mainly stem from personnel and hosting, which can result in EBITDA margins of $\geq 50\%$. The affiliate segment historically has been viewed with a certain amount of scepticism. However, we argue that it has earned its position in the value chain and that, at least in Europe for the next 2-3 years, it should be able to earn reasonable returns.

However, in the next 5-10 years, we fear that affiliates in Europe might face some pressure, as we expect consolidation among B2C operators to pick up sharply. This is likely to result in less of a need for customers to compare various players' offerings and for B2C operators needing to retain rather than acquire new customers. However, based on our conversations with people within the industry, on top of our research, we believe that there will always be a need for "quality" affiliates. Nevertheless, we agree with critics that say many affiliates need to improve the overall quality of their offerings and come up to a similar level as actors such as booking.com, hotels.com etc. to justify current commission and CPA (cost per acquisition) levels.

Overall, in line with our view of the rest of the online gambling industry, we believe that the most interesting opportunity for affiliates is in the legalisation of sports betting in the US. When each state goes live, it is essentially the same as when a new country in Europe opens up its market. So far, it seems that both CPA and lifetime value (LTV) are higher in the US than in Europe.

For the affiliate segment, we argue that the following attributes should result in a premium valuation: 1) high share of revenue from regulated or soon-to-be-regulated markets, 2) potential to expand in the US and 3) high amount of revenue share and a quality platform (e.g. high numbers of words per article, focus on content, historical track record of the assets etc.). Based on Catena Media's growth prospects in the US, high degree of regulated revenues (more than 78% as of Q1 19), as well as the fact that many of its assets have a long track record, we believe that a premium valuation relative to other affiliates is justified.

Peer overview

Company name	Source of traffic	Revenue model	Vertical	Geographic region
Better Collective	SEO, Pay per click media channels	Revenue share (69%), CPA (14%), Subscription (8%) and other (9%)	Casino (20%), Sports Betting (78%), other (2%)	Europe , US
Catena Media	SEO (86%), Pay per click media channels (13%), Subscriptions (1%)	Revenue share (44%), CPA (39%), Flat fee (13%) and Subscription (4%)	Casino (56%), Sports Betting (44%) and Financial services (6%)	Scandinavia, US, Germany, UK, Japan and Italy
RakeTech	SEO, Pay per click media channels	Revenue share (39%), CPA (44%), and Flat fee (17%)	Casino (72%), Sports Betting (25%), Other (3%)	Nordics, UK and nearby markets
Net Gaming	SEO, Pay per click media channels	Revenue share (35%), CPA (60%) and other (5%)	Casino (87%), Poker (11%), Other (2%)	Europe (69%) , North America (22%) and rest of world (9%)
XL Media	SEO, Pay per click media channels, Social media	Revenue share (54%), CPA (20%), CPI (24%) and other (2%)	Gambling (68%), Mobile apps (21%), Personal finance (6%), Other (4%)	North America (17%), Scandinavia (36%), Europe (28%), APAC (19%)

Source: ABG Sundal Collier, company data

Growth and margin outlook for affiliates

Growth and margin outlook

Company	Curr.	Share price	MCAP (Local)	Sales	CAGR ('19-'22e)			EBITDA margin			EBIT margin						
					EBITDA	EBIT	EPS	2020e	2021e	2022e	2016	2017	2018	2019	2020e	2021e	2022e
Nordic peers																	
Better Collective	SEK	134.5	6,284	25.8%	28.8%	31.6%	31.6%	41.3%	43.9%	44.6%	n/a	n/a	27.5%	34.8%	33.4%	38.1%	39.8%
Catena Media	SEK	25.2	1,552	11.5%	34.3%	24.5%	19.0%	47.9%	50.4%	52.4%	50.5%	45.5%	38.4%	28.2%	34.7%	37.0%	39.3%
Net Gaming	SEK	3.4	257	2.4%	3.0%	n/a	-0.1%	55.2%	54.3%	54.2%	n/a	n/a	63.2%	56.3%	n/a	n/a	n/a
RakeTech	SEK	8.7	330	16.0%	17.8%	16.3%	19.1%	41.4%	45.5%	48.6%	n/a	n/a	47.0%	29.5%	24.1%	27.3%	29.7%
Average			2,106	13.9%	21.0%	24.1%	17.4%	46.4%	48.5%	50.0%	50.5%	45.5%	44.0%	37.2%	30.7%	34.1%	36.3%
Median			941	13.7%	23.3%	24.5%	19.0%	44.6%	47.9%	50.5%	50.5%	45.5%	42.7%	32.1%	33.4%	37.0%	39.3%

Source: ABG Sundal Collier, company data

Affiliate peers

Affiliate peer group

Company	MCAP	EV/Sales			EV/EBITDA			EV/EBIT			P/E			FCF yield		
	(Local)	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e
Nordic peers																
Better Collective	5,889	7.0x	5.1x	4.4x	16.9x	11.6x	10.0x	20.7x	13.4x	11.2x	27.0x	16.7x	13.8x	-2%	6%	7%
Catena Media	1,297	2.3x	2.0x	1.8x	4.7x	4.0x	3.5x	6.5x	5.5x	4.7x	4.3x	3.7x	3.1x	28%	45%	51%
Net Gaming	278	3.2x	3.1x	3.0x	5.8x	5.7x	5.6x	n/a	n/a	n/a	6.1x	5.9x	5.7x	n/a	n/a	n/a
RakeTech	301	1.0x	0.9x	0.8x	2.4x	1.9x	1.6x	4.1x	3.2x	2.6x	4.7x	3.4x	2.8x	39%	53%	60%
Average	1,941	3.4x	2.8x	2.5x	7.5x	5.8x	5.2x	10.5x	7.4x	6.2x	10.5x	7.4x	6.3x	21.7%	34.9%	39.5%
Median	799	2.7x	2.6x	2.4x	5.3x	4.9x	4.5x	6.5x	5.5x	4.7x	5.4x	4.8x	4.4x	27.9%	45.3%	51.0%

Source: ABG Sundal Collier, company data

B2B market overview

The B2B market spans game providers, payment providers and turnkey platform solution providers. The segment is more concentrated than both the B2C segment and the affiliate segment. In general, we prefer exposure to the sports betting vertical than to casino. One reason is that we believe it is a more sustainable business.

For the B2B vertical, we argue that the following characteristics should result in a premium valuation relative to peers: (1) exposure to the sports betting vertical, (2) absence of grey area markets, (3) regulated or soon-to-be-regulated markets as the main drivers of revenue and earnings and (4) potential to thrive in the North American market. As GIG has yet to prove itself within B2B sportsbook, we have picked peers that are all tilted towards casino. Furthermore, we have excluded the likes of NetEnt and Evolution Gaming, as we want to focus purely on companies with a presence in B2B casino platforms.

Margin and growth outlook for B2B peers

Company	MCAP	Sales	CAGR ('19-'22e)				EBITDA margin			EBIT margin		
	(SEKm)		EBITDA	EBIT	EPS	2020e	2021e	2022e	2020e	2021e	2022e	
B2B Peers												
Play AGS	1,725	-3.0%	-3.1%	20.9%	-32.1%	31.0%	44.6%	47.8%	-44.9%	0.2%	14.7%	
International Game Technology	20,261	-2.9%	-5.5%	4.7%	-1.2%	29.0%	33.8%	33.0%	-0.1%	13.8%	16.7%	
Intralot	211	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Playtech	11,664	1.9%	-0.2%	-4.9%	-1.2%	22.1%	23.1%	23.8%	10.1%	11.9%	12.2%	
Scientific Games	17,070	0.0%	-0.6%	6.3%	-205.6%	29.6%	38.0%	38.6%	4.9%	18.1%	20.0%	
Average	10,186	-1.0%	-2.3%	6.8%	-60.0%	27.9%	34.9%	35.8%	-7.5%	11.0%	15.9%	
Median	11,664	-1.5%	-1.8%	5.5%	-16.7%	29.3%	35.9%	35.8%	2.4%	12.8%	15.7%	

Source: ABG Sundal Collier, FactSet

Overview B2B peers

Company	MCAP	EV/Sales			EV/EBITDA			EV/EBIT			P/E			FCF yield		
	(SEKm)	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e	2020e	2021e	2022e
B2B Peers																
Play AGS	1,299	4.6x	2.8x	2.4x	15.0x	6.4x	5.0x	-10.4x	1807.7x	16.2x	-1.4x	-3.5x	-37.9x	-16.6%	14.5%	25.4%
International Game Technology	17,265	2.8x	2.2x	2.1x	9.6x	6.5x	6.1x	-72.9x	15.6x	12.5x	-20.1x	12.7x	8.7x	6.0%	16.7%	19.5%
Playtech	10,537	1.1x	0.9x	0.9x	4.9x	4.0x	3.7x	11.5x	7.8x	7.3x	17.4x	9.8x	8.2x	2.9%	10.5%	6.4%
Scientific Games	13,586	3.9x	3.1x	2.9x	13.0x	8.2x	7.6x	79.2x	17.2x	14.6x	-3.5x	38.2x	9.4x	-3.9%	20.4%	32.9%
Average	8,584	3.1x	2.3x	2.1x	10.6x	6.3x	5.6x	1.9x	462.1x	12.6x	-1.9x	14.3x	-2.9x	-2.9%	15.5%	21.1%
Median	10,537	3.3x	2.5x	2.2x	11.3x	6.4x	5.5x	0.6x	16.4x	13.5x	-2.4x	11.2x	8.4x	-0.5%	15.6%	22.4%

Source: ABG Sundal Collier, FactSet

SOTP valuation

As GIG is a company with diverse businesses, we argue that a sum-of-the-parts valuation is appropriate. We highlight our key assumptions below. We have used three approaches in our SOTP valuation:

Affiliate business: GIG's affiliate business is quite mature (i.e. exposed to mature markets). However, it has yet to make a mark on the US sports betting landscape, which is one area that we assess would justify a premium valuation for a company. Affiliates are also trading at low multiples across the board, and we note that Catena Media, which has a leading position in the US, is only trading at an EV/EBITDA multiple of ~5x.

- **SOTP scenarios 1 & 2:** We have used an EV/EBITDA multiple of 4x, which is relatively in line with the avg. of peers (when excluding Better Collective).
- **SOTP scenario 3:** GIG affiliate has had negative y-o-y growth in the past four quarters but posted sound margins and is tilted towards the Nordics. As such we find that RakeTech is a good peer, so we have assigned the segment an EV/EBITDA multiple of 2.4x for this scenario.

Sports betting platform: Today, we do not foresee any major changes in the current pipeline, and as such, we think meaningful sales growth will be hard to achieve. The division is also under pressure to deliver break-even EBITDA by Q3 (commitment through its bond agreement). Given the risk associated with this division as well as the uncertainty regarding future value creation, we do not include this part in our SOTP scenarios 1 or 3. In scenario 2, however, we have assigned the division an EV/Sales multiple of 5x, which corresponds to an EV of EUR 7.3m.

Platform services: The avg. EV/EBITDA multiple in our peer group is ~11x. GIG is a much smaller and less established company than those in the peer group and it is less cash-generative. Therefore, we have assigned the division a discount of 50%, resulting in an EV/EBITDA multiple of 5.5x. Given that this is still in line with where PlayTech is trading, we find this appropriate.

- **SOTP scenarios 1 & 2:** The avg. EV/EBITDA multiple within our peer group is ~11x. GIG is a much smaller and less established player than all of them while also being less cash-generative. As such we have assigned the division a discount of 50% thus resulting in an EV/EBITDA multiple of 5.5x. Given that this is still in line with what PlayTech, a much larger and a more well-diversified company, is trading at, we find this to be more than sufficient.
- **SOTP Scenario 3:** With PlayTech trading at an EV/EBITDA of ~5x, we have used a discount of 50% to PlayTech in this scenario.

SOTP Valuation 1

SOTP Valuation 1 (In EURm)	2020 Sales	2020 EBITDA	EV/Sales	EV/EBITDA	EV
Media services		15.9		4.0x	63.5
Platform Services		2.3		5.5x	12.8
Sportsbook	1.5	18.2			0.0
Total		36.4		2.1X	76.4

Net Debt	24
Equity Value	52.8
O/S	90.01
Implied share price (In SEK)	6.2
NPV	5.5

Source: ABG Sundal Collier, company data

SOTP Valuation 2

SOTP Valuation 2 (In EURm)	2020 Sales	2020 EBITDA	EV/Sales	EV/EBITDA	EV
Media services		15.9		4.0x	63.5
Platform Services		2.3		5.5x	12.8
Sportsbook	1.5		5.0x		7.3
Total					83.6

Net Debt	24
Equity Value	60.1
O/S	90.01
Implied share price (In SEK)	7.0
NPV	6.3

Source: ABG Sundal Collier, company data

SOTP Valuation 3

SOTP Valuation 3 (In EURm)	2020 Sales	2020 EBITDA	EV/Sales	EV/EBITDA	EV
Media services		15.9		2.4x	38.1
Platform Services		2.3		2.5x	5.8
Sportsbook	1.5		0.0x		0.0
Total					44.0

Net Debt	24
Equity Value	20.4
O/S	90.01
Implied share price (In SEK)	2.4
NPV	2.1

Source: ABG Sundal Collier, company data

DCF valuation

In our DCF range, we have used a WACC of 10-14% and a terminal growth rate ranging between 1% and 3%. We find that this is prudent, as the company has exposure to a rapidly changing industry and given the general risk profile of the company, with a long-term bond due in June 2022 coupled with the commitment (through its bond agreement) to deliver break-even EBITDA in its sportsbook by Q3 2020. This gives us an implied DCF value range of SEK 8-17.

Sensitivity of WACC and Terminal growth rate

	WACC									
	12	8.0%	9.0%	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%	16.0%
Terminal Growth rate	1.0%	20.12	16.92	14.43	12.45	10.83	9.48	8.35	7.38	6.54
	1.5%	21.21	17.68	14.98	12.86	11.14	9.72	8.54	7.53	6.66
	2.0%	22.49	18.55	15.60	13.31	11.48	9.99	8.74	7.69	6.79
	2.5%	23.99	19.55	16.30	13.82	11.86	10.27	8.96	7.86	6.93
	3.0%	25.80	20.73	17.10	14.39	12.28	10.59	9.20	8.05	7.08
	3.5%	28.00	22.11	18.03	15.03	12.74	10.93	9.47	8.26	7.24
	4.5%	34.31	25.80	20.38	16.63	13.87	11.75	10.08	8.72	7.60
	5.0%	39.04	28.34	21.91	17.62	14.55	12.24	10.44	8.99	7.81

Source: ABG Sundal Collier, company data

History and background

Early days – wants to conquer entire iGaming value chain

Below, we highlight GIG's expansion history.

GIG's timeline

The early days: '14-'15

- Establishes business through organic and M&A initiatives in B2C & B2B services

Rapid expansion: '16-'17

- Buys gambling sites (BetIt) and makes a number of affiliate acquisitions while sustaining high organic growth

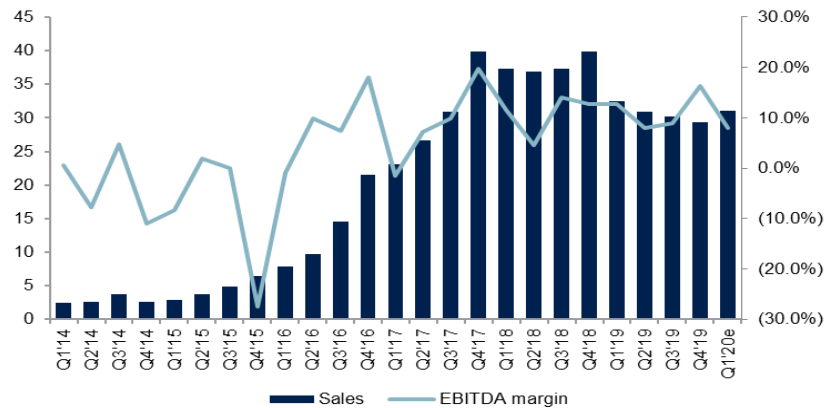
Further investments

- More product investments (sport + proprietary games), which hurt the earnings margin

2019 – Profitability in focus

- New CEO
- Profitability initiatives initiated together with strategic review

Sales (EURm) and EBITDA margin



- Initial success with expansion led to an even more aggressive expansion strategy.
- Profitability suffered as the company expanded in too many directions at the same time.
- New CEO has a more focused strategy to increase profitability.

Source: ABG Sundal Collier, company data

GIG is a young company. Below we summarise what we see as the most noteworthy events since its inception. Note that GIG was listed on OSE after the company executed a reverse takeover of a (shell) company called NIO inc. in 2015.

Summary of notable events

Date	Event	ABG SC Comment
Past	The company was known as Nio Inc., and focused on e-com	Main business was the operation of internet auction sites
2008	Gaming Innovation Group Ltd. was incorporated	Founders included Frode Fagerli and Robin Reed
2012	Guts.com launched (MT Securetrade Limited)	Launched as a subsidiary of GiG
2014	MT Securetrade Limited obtains UK & Malta gaming license	
2014	Candid Gaming Ltd incorporated	Owned partly by the company and partly by GiG
2015	Candid launches Betspin.com in Jan. 2015	Majority of initial customers were from Nordic countries
2015	Agrees to buy all outstanding shares in GiG	Adopts the name Gaming Innovation Group
2015	Buys remaining GiG for 290 mill. new shares	125m earn-out shares (tied to '15 and '16 revenue)
2015	Robin Reed is appointed CEO of Gaming Innovation Group	
2015	iGamingCloud is launched as a B2B platform for iGaming industry	First client signed in February 2015
2015	Rizk.com casino games is launched	Launched under GiG subsidiary Zecure Gaming Ltd.
2015	GiG subsidiary Innovation Labs acquires Spaseeba (affiliate network)	Bought for 27m GiG shares
2015	Optimizer invest acquires 10% of iGaming Cloud Ltd	Acquired for consideration of EUR 1m
2015	Innovation Labs acquires affiliate network in Finland	GiG paid EUR 440k and 1m new shares
2015	Innovation Labs acquires affiliate network in Estland	GiG paid EUR 900k and 795k new shares
2016	Acquires a Dutch affiliate network (Delta Markets B.V)	Paid EUR 4.2m of which 30% was settled with 4.3m new shares
2016	Acquires 50% of Delta Markets gaming sites	Paid EUR 4.2m of which 30% was settled with 4.3m new shares
2016	Acquires sports betting company OddsModel AS	Paid 21.74m new shares
2016	Acquires Magnet Media AB	Paid SEK 47.5m of which SEK 34m was in new shares
2016	Acquires BetIT	Acquired for NOK 500m, with 153.5k new GiG shares
2016	Acquires 10% of iGC shares from Optimizer Invest for 56.5m GiG shares	Implied company value of iGC is ~NOK 1,865m
2017	5 affiliate acquisitions completed	Total cost of ~EUR 60m or 4.3x EBITDA
2017	Launches new B2C brand, Highroller	Later divested in 2019
2017	Reached 12.4bn database transactions in GiG Core	This was up from 4.8bn transactions in the previous year
2017	Signed 16 clients to GiG Core	This brought total clients on the platform to 34 by the end of the year
2017	Number of employees increases from 16 to 60 within sports	In 2017 GiG sports had negative EBITDA of EUR 3.2m vs. 0 in 2016
2017	Started to develop its own casino games through GiG games	This was shut down in 2019
2017	Exited non-core markets in 2017, which hurt profits	This was unregulated markets (e.g. Holland)
2018	Signed Hard Rock Casino turnkey deal in February 2018	Initial launch in Atlantic City in NJ
2018	In-house sportsbook was launched ahead of 2018 FIFA World Cup	This was launched on the in-house brand Rizk.com
2018	Launched its first proprietary developed slot game: Wild Reels	Regular slot game, not much new
2018	Seven new customers signed to Core platform during the year	The new signings were small
2018	Opens new HQ in Malta	GiG Beach and GiG Sky
2018	Obtains betting license in German State Schleswig-Holstein	DACH region is a key growth region for GiG and its Rizk brand
2018	Obtains first external sportsbook customer in Latvia (MRG subsid.)	Small site, minimal impact
2018	Lost a large customer on GiG Core	This hurt profitability throughout 2019
2018	Signs GLHF.GG on GiG Core	GLHF.GG is an E-Sports hub
2019	Launched Hard Rock omnichannel sports solution in Jan. 2019	Launched in NJ. Both offline and online solution.
2019	Signs OneTimePoker to the GiG Core platform	First operator signed for the poker product powered via MPN
2019	Signs sportsbook for Metacaso	Metacaso is a former customer within casino services (GiG Core)
2019	Signs agreement with MegaLotto	MegaLotto a start-up with limited impact but the first customer within lottery
2019	Sings new GiG Comply product with Kindred Group	GiG Comply is a growth product but with little current revenue contribution
2019	Partners with Skycity for turnkey online casino solution	Limited contribution until the market is regulated in NZ
2019	Divests B2C Highroller brand to Ellmount Gaming Ltd. for ~EUR 7m (3.5 PV)	Had EUR 1.4m in sales and EUR -0.2m in EBITDA in H1'19
2019	Launches with Hard Rock in Iowa (Sep 2019)	Online part of solution launched in Dec 2019
2020	Sells B2C brands to Betsson in EUR 31m deal	Platform-led deal where the proceeds were used to re-pay a SEK 300m bond

Source: ABG Sundal Collier, company data

Aggressive expansion ('15-18)

In this section we go through various acquisitions and organic investments, evaluating the outcomes and providing our view regarding the positive and negative impacts that the initiatives have had on GIG.

Investment track record

When	What	NOKm	EURm	Payment form	Positive value contribution ¹
2015	Initial purchase of GIG from "shell" company	268	35	Shares	Yes
2016	Purchase of Oddsmodel	74	8	Shares	No
2016	Purchase of BetIt from Optimizer invest	499	53	Shares	No
2016	Purchase of minority stake of iGamingCloud	184	19	Shares	No
2017	Purchase of affiliates	555	60	Cash	Yes

Source: ABG Sundal Collier, company data, 1) Contribution based on ABG SC assessment

Purchase of "original GIG", the prelude to today's company. The creation of GIG as a public company occurred when NIO Inc. purchased Gaming Innovation Group in a share transaction that can be characterised as a reverse merger where the owners of NIC were left with less than 30% of the combined company. Still, this transaction was good, in our view, as NIO was a shell company and its own business was limited.

Purchase of OddsModel: This was a share transaction, and OddsModel's majority owner, Christopher Langeland, was also at that time a large owner in GIG and an associate of the CEO. Only shares were exchanged, and we judge this as a bad transaction. Our view is that Oddsmodel never delivered on its promise and no figures were published by the company afterwards. Also, Oddsmodel functioned as GIG's first endeavour into sportsbook, and GIG's sportsbook has so far seen high investments with limited returns.

Purchase of affiliate sites Q2-Q3 2017. These acquisitions stand out as they are the only ones for which GIG has paid cash. After a couple of quarters where GIG has posted declining EBITDA, we note that Q1 20 posted sequential improvements.

Investment track record

Organic B2C brands: GIG has developed the Rizk brand, which has now been sold to Betsson, and we view this as a successful investment. We show the history of the business unit below. Both growth and profitability have been good and the investment was made through internal marketing campaigns. Rizk today has a strong foothold in Finland and Germany.

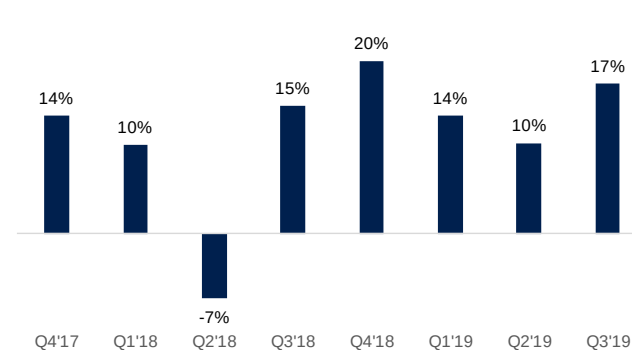
Rizk has seen solid growth since its inception... ..and growth has generally been profitable

Rizk sales EURM



Source: ABG Sundal Collier, company data

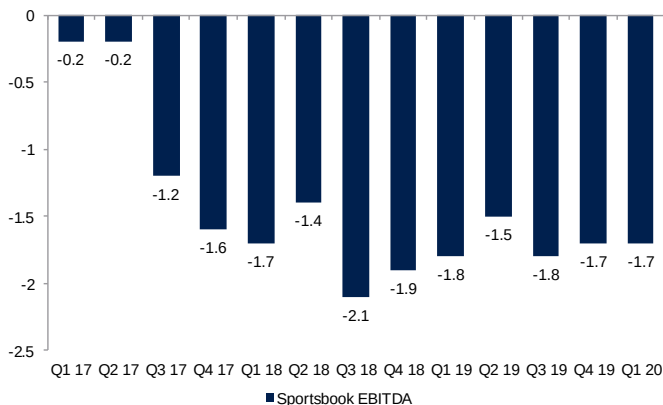
Rizk EBITDA margin



Source: ABG Sundal Collier, company data

Organic sportsbook investments: GIG has invested heavily in sportsbook for the last two years. It has invested to build up a more automated sportsbook offering. In our view, this is a particularly ambitious project that has taken longer than anticipated to materialise. The sportsbook investments therefore look excessive relative to the commercial return they have generated. One caveat is that sportsbook is highly scalable and could in the long term be very successful if GIG can get a positive “snowball effect” and sign up more customers.

GIG has invested over EUR 20m in Sportsbook



Source: ABG Sundal Collier, company data

Sportsbook initiative is yet to be successful

Sportsbook comments

- GIG started to invest in own sportsbook in 2016
- Sportsbook success has been delayed since the start
- GIG's rationale was to build a scalable data-driven sportsbook – differentiated by being more data-driven than competitors
- We see the potential strategic sports-payoff to be very high
- GIG has sold sportsbook externally – so far it generates limited revenue
- Limited new sales of sportsbook since launch in June 2017
- In hindsight, investment seems overly ambitious

Source: ABG Sundal Collier, company data

Platform services: GIG has invested a lot in its infrastructure segment, GIG Platform Services. If you add both capex and 50% of the opex and classify this as investments, it adds up to EUR 60m. This segment has historically been highly profitable. A white label business model is used in this setting as a term for GIG's historical platform strategy (even though it also had WL and SaaS agreements from the start) and its traits can be seen in the left-hand figure below. A white label model has been optimal for targeting smaller companies because it allows the customer to get a fully-fledged casino solution including operating through GIG's licence. However, given the recent turmoil in the industry, including the re-regulation of Sweden and tougher market conditions in the UK and Norway, the smaller companies have suffered. This has resulted in GIG shifting strategy and focusing more on land-based casinos and helping them with their expansion into the online world.

Change in platform services strategy was correct. The white label model has some appealing characteristics, as it attracts young start-ups that likely have been easy to integrate and ramp up. In addition, smaller customers are, in our view, less demanding and less price-sensitive, meaning that a service provider can obtain a higher percent of GGR compared to larger, established customers. The problem with this strategy is that GIG as a white label provider is responsible for its clients' behaviour and this is more risky now that the regulatory climate has become stricter for the industry. One of the effects of new regulation is that it has been especially tough on the smaller brands (they do not have e.g. strong finances to cope with a trough) and therefore regulation has fuelled the ongoing consolidation in the sector. In light of this, we believe GIG has acted correctly in shifting its focus.

Summary of changes in platform strategy

Initial B2B platform strategy

- Full-service white label SAAS strategy
- Tilted towards smaller players
 - Low earnings quality
- High margin, but small scope
- Undemanding needs
- Rev share model
- Short cycles

New B2B platform strategy

- Focus on selling SAAS turnkey solutions
- Tilted towards larger players and offline-to-online players
 - High earnings quality
- Likely lower margin (take-rate) but large scope
- Demanding needs, e.g. security, compliance etc.
- Rev share + fixed fees to reduce e.g. implementation and ramp-up risk
- Longer cycles

Good strategy in a **booming market** with many start-ups with limited resources to launch operations

Good strategy in a **consolidating market** with larger brands taking market share while one can benefit from structural trends

Source: ABG Sundal Collier, company data

Value-focused turnaround, 2018–today

GIG has initiated a value-focused turnaround. Below we give an overview of the turnaround and evaluate the impact, timeliness and likelihood of success of the various initiatives.

Overview of GIG's action point matrix

Business area	Action	Estimated annual effect on revenue	Progress
Group	Close GiG Games to reduce operational complexity and improve capital allocation	0	From Nov '19
	Full strategic review of Gaming Innovation Group	-	Completed
	Initiated bond refinance process	-	17-20 Bond was repaid in April
	Reduce non marketing related OPEX through strong focus on execution ¹	0	In progress
Media	Focus expansion in new and emerging markets to drive future growth	Positive	In progress
	Paid media reached profitability and growing with new market / vertical entry	Positive	Paid media is EBITDA positive
B2B Platform	Accelerate B2B sales, both turnkey solutions and modular sales	Positive	In progress
	Transition to higher earnings quality customers	Negative in transition phase	In progress
	Move to more cost efficient and scalable hybrid infrastructure	0	Start in 20e -and scale to run rate by '21e
B2B Sports	Focused market approach to drive sportsbook to break even in 2020	0	In progress

Source: ABG Sundal Collier, company data, the numbers are ABGSC assumptions

General assessment

In our view, given the complexity of GIG's portfolio, it has had plenty of opportunities to simplify, reduce costs and increase value visibility in the portfolio. We judge that the easiest areas to address are those where it can close loss-making operations whereas we think it is tougher to increase profits through higher sales:

GIG's targets segmented into 3 groups

Low hanging fruit

Wind down loss-making operations

Closed GIG Games studio

- Saved EUR 1.3m with effect from Nov. 2019

Potentially wind down GIG Sports

- Could save ~EUR 7m

Controlled targets

Optimise costs in existing operations

Reduce Other opex

- Other opex reduced

Optimize Infrastructure set-up

- Planned EUR 3.5m savings with full effect from '21e

Open goals

Increase sales

Accelerate B2B sales

- Both turnkey solutions
- Modular sales

Expand in new emerging markets for Media

Continue to expand within 'Paid Media' with new market entries

Source: ABG Sundal Collier, company data

Closure of GIG games studio

We believe that closing GIG's proprietary games studio was a good move in order to immediately improve cash flow. When GIG expanded into building its own games in 2018, it had already expanded into all the other main parts of the online gambling value chain. Since then, GIG Games has launched a handful of online casino games, which have mainly been launched under its own brands.

The games business has not been a success so far and GIG has fewer resources deployed compared to the larger, established game developers. Overall, we estimate that GIG will save about EUR 1m by shutting down the studio.

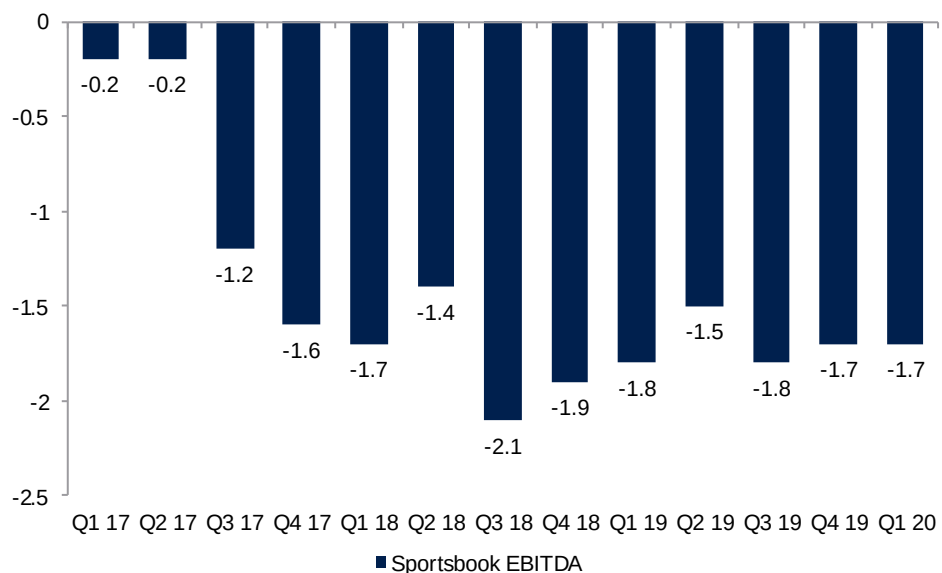
Potentially wind down GIG sports

GIG has invested close to EUR 2m quarterly in GIG Sports for some time now. It has built a proprietary sportsbook (GUTS), which it has started to use on its own brands, as well as selling it to some external clients. The only large clients currently using GIG Sports are HardRock and 11lv. Through HardRock, GIG has exposure to the US market as it employs GIG's sportsbook in both New Jersey and Iowa as well.

Eighteen months since launch and limited revenue has been created

GIG launched its sportsbook solutions on its own Rizk brand in June 2018 and has not managed to ramp up revenue since then. However, it takes time to ramp up a new segment, and the company has managed to sign clients such as HardRock. Additionally, the profit opportunity realised on the back of success in Sports could be high relative to incurred investment and losses (i.e. investment recouped many times over). Yet, as we previously stated, GIG is a challenger within B2B sportsbook and will most likely have to compete on price, thus, indicating that patience will be required before the ramp-up materialises.

GIG Sportsbook EBITDA (EURm)



Source: ABG Sundal Collier, company data

GIG's sportsbook targets a strategic, important segment with high potential

We believe that a proprietary sportsbook offering could be important for GIG if it is able to ramp up and sign new customers due to the large market opportunity and it being complementary to its casino offering.

Despite the signing of HardRock in the US and the fact that competition is fierce, we remain disappointed that GIG has not managed to persuade more clients to use its sportsbook.

Shutting down the sportsbook may not be practical

We do not think GIG will shut down its sportsbook operations. First, the company is obligated to continue delivering sportsbook services to its customers. Second, sportsbook is strategically important. Third, GIG has invested a significant amount of invested capital into this segment.

GIG could partner with others

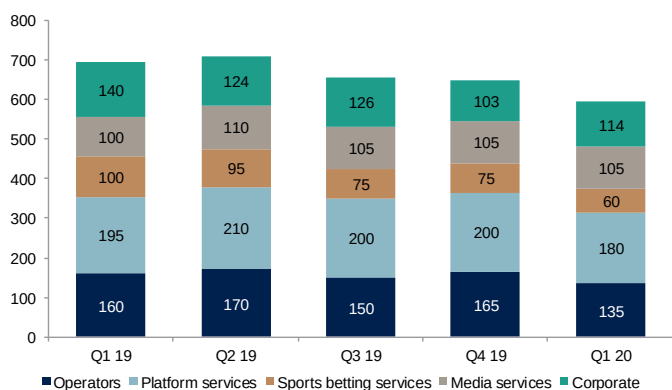
One likely alternative would be GIG partnering with another sportsbook partner to deliver some aspects of the sportsbook in order to reduce the need to deploy its own resources. This seems like a practical opportunity to reduce operating losses while preserving customer relationships. Such a solution, however, would likely significantly reduce the longer-term upside potential of a fully proprietary sportsbook solution.

Optimise costs in existing business

Looking at GIG's cost base, the COGS and marketing expenses are strongly tied to the revenue base and growth trajectory. Therefore, we believe GIG's cost-cutting opportunities lie within other opex.

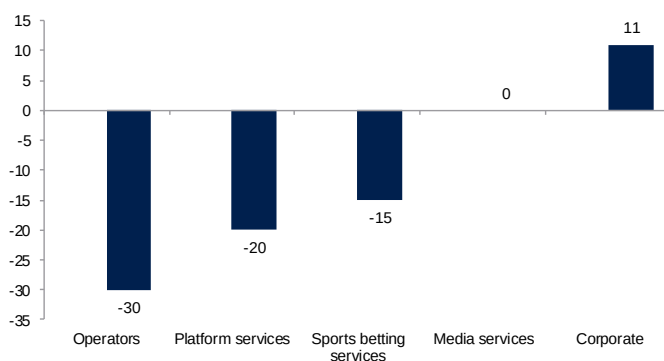
We assess that personnel-related costs are the primary driver of costs for GIG. GIG has also reduced its headcount in all segments except Media.

GIG: Employee distribution



Source: ABG Sundal Collier, company data

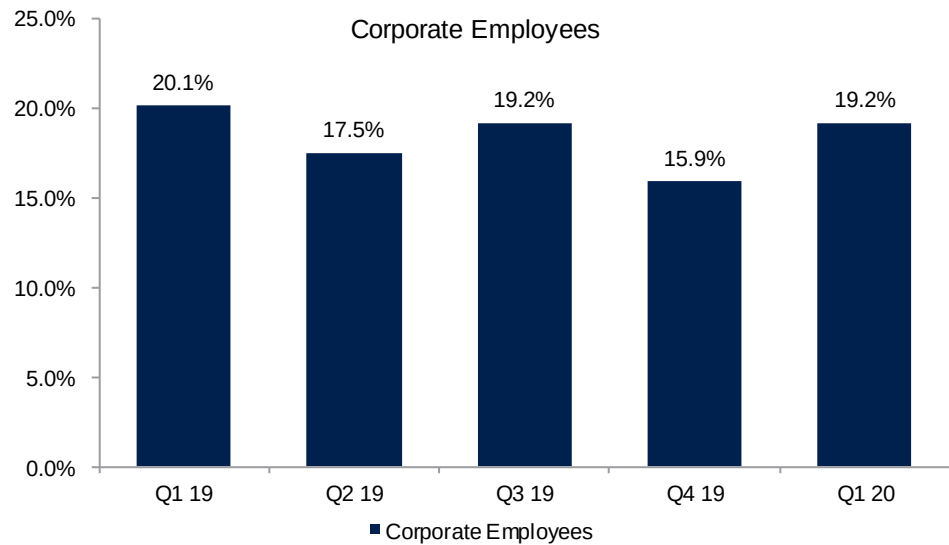
Change in employees Q1'20 vs. Q4'19



Source: ABG Sundal Collier, company data

Besides the fact that GIG no longer operates a B2C division, we do not see a lot of potential to cut the average cost per employee. The number of employees in corporate functions (also includes teams for AML, compliance etc. – so in reality not just corporate functions per se). has dropped recently (relatively and absolute), but it is still well above our preferred level of around or below 10%.

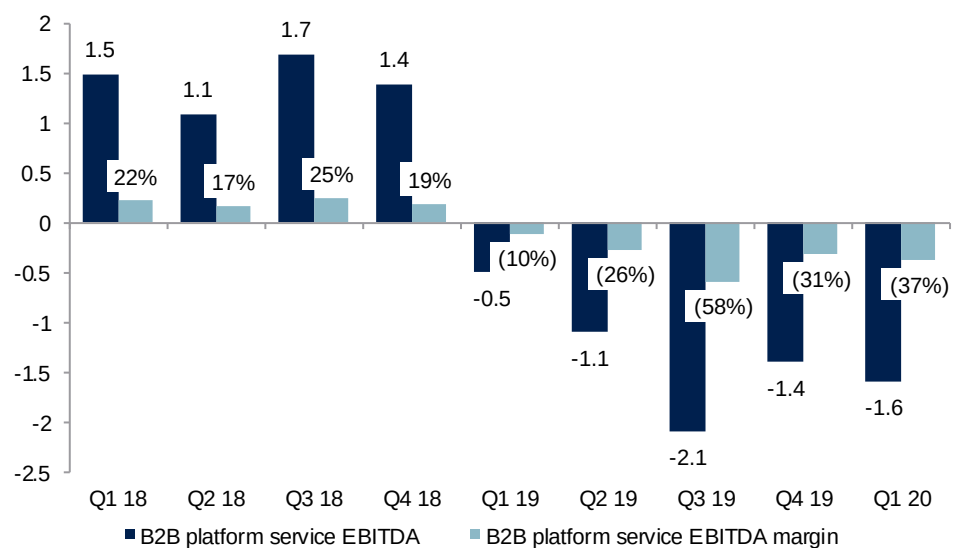
Average quarterly corporate employees/average total employees



Source: ABG Sundal Collier, company data

Another area where GIG can improve is reducing current losses in the Platform Services segment ("Core").

EBITDA and EBITDA margins



Source: ABG Sundal Collier, company data

While Core is a strategically important segment, it is obvious that the firm cannot continue to maintain such a high cost base relative to the current revenue (58% as % of sales). We judge that losses will be reduced by a combination of higher revenue and a reduced cost base.

Also, note that in Q3'19 the Games studio contributed negative EUR 0.5m to the Platform segment, which includes a SEK -0.3m one-off related to severance packages. On a cash flow basis, Games contributed negative EUR 250,000 per month. Games has now been shut down.

GIG Core saw its sales drop by ~33% y-o-y in 2019. This was impacted by termination of a client, which affected y-o-y performance by EUR 9m. With that said the contribution from internal brands has been stable (due to solid performance from the Rizk brand).

The current pressure on white label providers is evidenced by the UK gambling commission warning that white label solution providers are responsible for the wrongdoings of their customers. This came shortly after GIG's B2B software competitor EveryMatrix received a suspension of its operating licence for the UK market, which then culminated in EveryMatrix deciding to leave the UK white label market² while continuing to offer gambling software to UK-licensed operators³.

EveryMaterix's move mirrors GIG's strategy, which states that turnkey and modular sales are expected to exceed white label revenue over time as the company focuses more on higher-quality partners and especially on supporting land-based operators into digital transformation.⁴ Looking at the current and historical customer list, it is predominantly covered by white label casinos with only three operators with land-based backgrounds.

² <https://everymatrix.com/everymatrix-decides-to-leave-uk-white-label-market/>

³ <https://everymatrix.com/everymatrix-decides-to-leave-uk-white-label-market/>

⁴ GIG said this for the first time in the Q1 2019 outlook

GIG Core customers, active and historical

Casino URL	State	Type	Land-based
www.metalcasino.com	Active	External	No
www.omniacasino.com	Active	External	No
www.onetimepoker.com	Active	External	No
www.shadowbet.com	Active	External	No
www.cashmio.com	Active	External	No
www.casinocalzone.com	Active	External	No
www.dunder.com	Active	External	No
www.ikibu.com	Active	External	No
www.wishmaker.com	Active	External	No
www.Guts.com	Active	External	No
www.OMNIACasino.com	Active	External	No
www.Dreamz.com	Active	External	No
https://www.karjalakasino.com/	Active	External	No
https://www.betglhf.gg	Active	External	No
https://www.agentspinner.com	Active	External	No
www.Highroller.com	Active	External	No
www.Skycitycasino.com	Active	External	Yes
www.hardrockcasino.com/	Active	External	Yes
www.Rizk.com	Active	Internal	No
www.Kaboo.com	Active	Internal	No
www.justcasino.com	Inactive	External	No
www.casinoland.com	Inactive	External	No
www.instacasino.com	Inactive	External	No
www.spinjuju.com	Inactive	External	No
www.casinofloor.com	Inactive	External	No
www.casinopop.com	Inactive	External	No
www.chancehill.com	Inactive	External	No
www.joreels.com	Inactive	External	No
www.larrycasino.com	Inactive	External	No
www.tomscasino.com	Inactive	External	No
www.rolla.com	Inactive	External	No
www.MOBIL6000.com	Inactive	External	No
www.Unno.com	Inactive	External	No
www.Netroulette.com	Inactive	External	No
www.betspin.com	Inactive	Internal	No
www.superlenny.com	Inactive	Internal	No
www.wetten.com	Unknown	External	No
www.Niké.sk	Unknown	External	Yes

Source: ABG Sundal Collier, Companies sites

Given the start of Q2 20 and the recent platform agreement with Betsson, we assess that GIG Core should be able improve sequentially and start to show growth y-o-y.

Save on infrastructure

GIG is set to implement a new infrastructure model that looks to save EUR 3.5m from 2021e. The plan is to gradually migrate customers to the new system, and we should start to see gradual savings fall through from early in 2020e as the initiative progresses.

Our understanding is that the initiative revolves around moving from an entirely public solution (Azure architecture) to a hybrid one in which GIG will run some applications more cheaply with an on-premises solution. This could make good sense, in our view, as it aligns with the narrative of GIG having expanded too rapidly and has therefore not entirely optimised its cost structure.

We believe that there is some net savings potential from this initiative, but also judge that there is a risk that the transition (planned for 2020e) may not go as seamlessly as planned. This reasoning stems from a general experience that larger IT infrastructure transition projects can be difficult to execute smoothly.

Accelerate B2B sales and turnkey solutions

Skycity

Regarding the recently signed deal with Skycity, it appears like the start of 2020 been encouraging. For instance, we note that SkyCity's COVID-19 update stated that Online Casino continues to trade strongly with over 21,000 customer registrations as at 31 May 2020 and that it was profitable in April and May.

Other land-based operators

There are many land-based operators that GIG could potentially supply with services. For a land-based operator, expansion in online is a way to both diversify and grow earnings.

Overview of land-based casinos

Name	Casinos
Novomatic	189
Olympic Entertainment Group AS	124
Cirsa	104
JVH Gaming & Entertainment Group	63
CODERE Group	61
Golden Entertainment	56
Nevada Restaurant Services Inc.	48
Genting Group	47
Town Pump, Inc.	47
Grosvenor Casinos Limited	43
Philippine Amusement and Gaming Corporation (PAGCOR)	33
Gateway Casinos & Entertainment Limited	32
Groupe Partouche	31
Caesars Entertainment Corporation	29
Princess Group International	29
Carnival Cruise Line	28
Penn National Gaming, Inc.	28
Jacobs Entertainment, Inc	26
Boyd Gaming Corporation	25
Casino Club S.A	25
Ontario Lottery and Gaming Corporation	25
Royal Caribbean Cruises	24
Chickasaw Nation of Oklahoma	21
Choctaw Nation of Oklahoma	20
Joker Ltd	19
SJM Holdings Limited	19
Sun International	19
Delta Group	18
Station Casinos LLC	18
Thunderbird Resorts Inc.	18
Groupe Tranchant	17
MGM Resorts International	17
Century Casinos, Inc.	16
Princess Cruises	16
Groupe Lucien Barriere Casinos	15
Holland America Line	15
Norwegian Cruise Line	15
Sportech Plc	15
Tsogo Sun Holdings	15
Tete A Tete Kazino	14
Concord Card Casino (CCC) Gruppe	13
Great Canadian Gaming Corporation	13
Storm International	13
DLV	12
Isle of Capri Casinos, Inc.	12
Melco Resorts & Entertainment Limited	12
Pinnacle Entertainment, Inc.	12
Affinity Gaming LLC	11
AS IMG Kasinod	11
Casinos Austria	11
Cherokee Nation Entertainment, LLC	11
Delaware North Companies	11
Grupo comar	11
Churchill Downs Incorporated	10
JOA Group	10
London Clubs International (LCI)	10
Newport Capital S.A.C.	10
Spielbanken Niedersachsen GmbH	10
Wyoming Horse Racing, LLC	10
Casinos Austria International	9
Celebrity Cruises	9
Fame Operating Company	9
Grupo Pefaco	9
International Group of Gaming & Resorts (IGGR)	9
Krijco Amusement Bv	9
Muscogee (Creek) Nation	9
Peermont Global (Pty) Ltd.	9
The Gauselmann Group	9
Washington Gold	9
BOSS Gaming Group	8
Full House Resorts, Inc.	8
Gaming and Leisure Properties Inc. (GLPI)	8
Las Vegas Sands Corp.	8
Seminole Tribe of Florida	8
Staatliche Lotterieverwaltung in Bayern	8
Grupo Slots	7

Name	Casinos
Ho-Chunk Nation	7
Neogames SA	7
Osage Nation of Oklahoma	7
Saarland-Spielbank GmbH	7
Saskatchewan Indian Gaming Authority (SIGA) Corporate	7
Broadway Group	6
Costa Cruises	6
Delta Corp Limited	6
Eldorado Resorts	6
Galaxy Entertainment Group	6
Greenwood Gaming Inc.	6
Grupo Peralada	6
Novomatic	6
Holland Casino	6
Jackpot Joannies C.R. LLC	6
Japan Racing Association	6
Oceania Cruises	6
Oneida Indian Nation	6
P&O Cruises	6
Peppermill Casinos, Inc.	6
Westdeutsche Spielbanken GmbH & Co. KG	6
Windstar Cruises	6
Wynn Resorts Limited	6
Atlantis World Group	5
Casinos Schleswig-Holstein	5
Diamond Fortune Holdings	5
Double Diamond Gaming Limited	5
Dreams Hotel Casino y Spa	5
Enterpro	5
Fitzpatrick's Casino Group	5
Macau Legend Development Ltd.	5
Mohegan Tribal Gaming Authority	5
Nese Group	5
Nugget Casinos	5
Otoe-Missouria Development Authority (OMDA)	5
Paradise Group	5
Poarch Band of Creek Indians (PCI Gaming)	5
Sault Ste. Marie Tribe of Chippewa Indians	5
SKYCITY Entertainment Group	5
TA Operating Nevada LLC	5
The Mayfair Group	5
The Stronach Group	5
Wyoming Downs	5
AS Tallink Grupp	4
Aspers Group Ltd	4
Australian Turf Club (ATC)	4
Casino Cosmopol	4
Cheyenne and Arapaho Tribes	4
Comanche Nation of Oklahoma	4
Cordish Company	4
Corporacion Empresarial Egasa, S.L.	4
Dirección General de Casinos	4
Evergreen Gaming Corporation	4
JACK Entertainment LLC	4
Landing International Development Ltd	4
Landry's Inc	4
Marina del Sol Chillán SA	4
Millionaires Gaming Africa	4
Mississippi Band of Choctaw Indians	4
Monte Carlo SBM	4
Northern Star Casinos	4
Norwegian Trotting Association	4
Phumelela Gaming & Leisure Ltd	4
Pokagon Band of Potawatomi Indians	4
Pullmantur Cruises	4
Quapaw Tribe	4
Ritzio International	4
Seabourn Cruise Line	4
Silver Heritage Group	4
Silversea Cruises	4
Spielbank Berlin Gustav Jaenecke GmbH & Co. KG	4
Spielbank Hamburg Jahr + Achterfeld KG	4
Spielbanken MV GmbH & Co. KG	4
Star (Echo) Entertainment	4
Swiss Casinos	4
Tohono O'odham Nation	4
Tulalip Tribes	4

Source: ABG Sundal Collier, company data, List only includes casino chains with more than 4 physical casinos

We expect that land-based operators will likely choose partners that can support them with a broad set of services (including managed and ancillary services) rather than just a software platform. Examples of other services could include execution of marketing campaigns, SEO optimisation, regulatory support, etc. – essentially all areas where the online gambling landscape vastly diverges from the offline business.

It will likely also be important for land-based operators to find a partner that can build and deliver a solid omnichannel experience that ensures a seamless transition between the online and the offline landscapes, embedding technologies such as shared wallets and one-time-registration (regardless of it being offline or online).

Furthermore, we think operators are likely to team up with partners that have experience and solid reputations. A strong track record of working successfully with other land-based operators is therefore likely crucial for selection as a B2B partner. Other traits could include the perceived solidity of the company.

Traits we believe to be important for securing B2B land-based contracts

Solid software platform	Ability to deliver ancillary services	Omni Channel abilities	Overall solid partner
Payment solutions Fraud & risk management Player management insight • Loyalty solution • Compliance insight • Player protection features Promotions and CRM tools Business intelligence	Affiliate & SEO support Customer support VIP services Front-end development Product development Compliance support and monitoring services	Shared wallet Shared bonuses 1-time registration Player tracking systems across channels	Project experience with similar clients Solidity (e.g. balance sheet) Management with experience

Source: ABG Sundal Collier, company data

New GIG data platform

GIG has worked on a new data platform that was rolled out earlier this year. Old customers will be migrated to the new data platform, which GIG claims will deliver better efficiency, increased speed and new functionality.

The main benefit of the new platform is that users can track data in real-time, and it enables clients to maintain a high level of data-integrity, which means they can act fast if the data show signs of e.g. excessive gambling. The project was developed over the last year. The key step, in our view, will be to migrate current clients to the new platform; after this, the firm will focus on adding additional AI applications.

Specifically, the new platform allows for a more agile process. For example, real-time CRM updates can give timely insights and enable on-the-fly configurations, thereby eliminating the need for redeployments. Moreover, real-time data production can enhance other functions such as player safety and anti-money laundering.

GIG has grown more than five-fold, from six to over 30 operators running on its platform, and the strain stemming from increased data volumes caused bottlenecks in its infrastructure. The team therefore researched new technologies to permit the new platform to handle higher scale with solid reliability. Recognising the need to adapt in the future, GIG has focused on building with a flexible code architecture.

The company also built out a self-service function for Business Intelligence so users can generate the reports they need and manage their own data in a secure way. Somewhat surprisingly, in our view, this functionality has been lacking in previous versions of the platform.

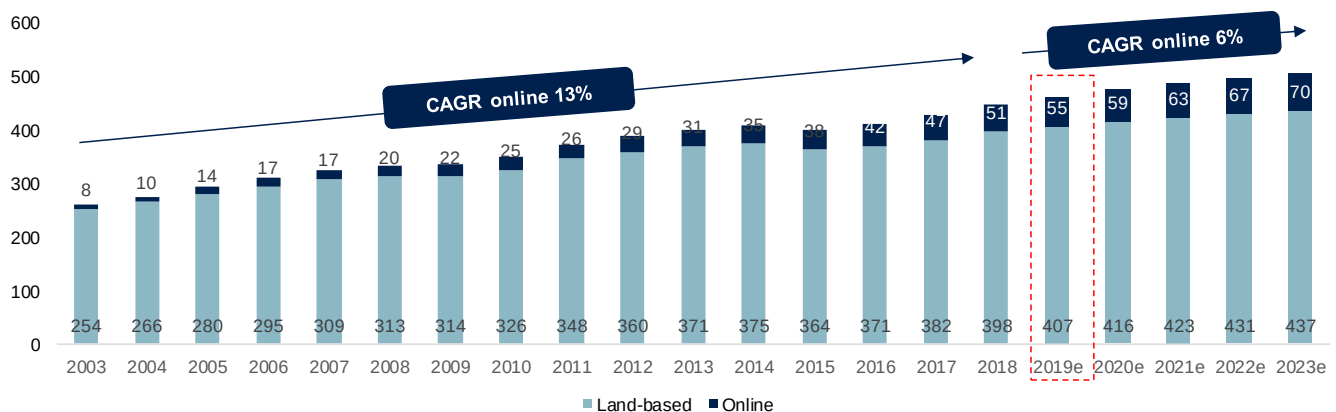
Finally, GIG has improved the system's reliability with regard to data quality. Specifically, they have built the platform so data are centrally managed in one location regardless of originating database and/or system. This "single source" approach is to ensure that all data are documented and clearly defined for actionability and reliability (e.g. to avoid double-counting).

Market opportunities

GIG's key markets are mainly within Europe and the US; the company generally focuses on regulated or soon-to-be regulated markets. However, GIG has a worldwide scope, and this is underscored by the deal with SkyCity in New Zealand.

The overall market is growing at a rate of 3%, but the online market is growing more rapidly. In addition, there are large regional differences and the market growth for a specific region can change rapidly due to alterations in the regulatory environment.

Global Gambling market Gross Win (USDbn)



Source: ABG Sundal Collier, company data, Source: H2GC, note estimates for 2020 is before the covid-19 outbreak

GIG is a small player in relation to the markets it competes in. At the moment, we assess that Scandinavia is GIG's largest market. In addition to this it also has exposure to markets such as Central Europe, the US (albeit on a small scale through its partnership with Hard Rock) and New Zealand (through its partnership with Skybet).

Key market trends

Overview of gambling trends

Trend	Example
New markets considering regulation	GER, FI, NL
Stricter regulations in already regulated markets	DEN, UK
High M&A activity	See M&A list below
Opening up of US sports book market	H2GC expect US market to grow 10x to 6bn by '24e
Online continue to take market share	Online expected to grow 6%, 3x faster than land-based

Source: ABG Sundal Collier, company data, H2GC

First, there is a continued trend of new markets aiming to regulate or re-regulate the online gambling market so as to permit remote operators to operate under a license. Examples of such countries include the Netherlands, Germany and Finland. In addition, one sees many already-regulated markets where governments are opting for stricter regulations. These include the UK and Denmark.

Next there is a steady consolidation trend with broad-based M&A activity across products, geographies and company sizes. Also, the opening up of the US sportsbook market is a key driver for investment into a new territory for many companies, including GIG. Lastly, there is a trend towards increased online gaming growth at the expense of land-based as societies continue to digitalise.

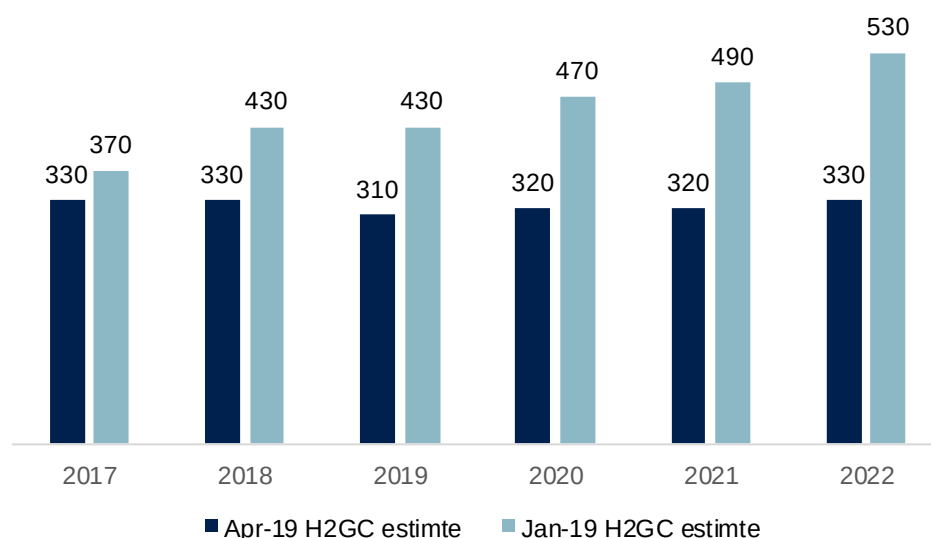
Status of some of GIG's key markets

Norway

The Norwegian market is characterised by two state-owned companies (Norsk Tipping and Norsk Rikstoto) with national monopolies on a large part of the market for gambling and horse racing, respectively. There are also foreign, cross-border online gaming operators such as GIG. The Norwegian market developed negatively after the government moved to enforce stricter payment-blocking⁵. There is also discussion about blocking iGaming ads on television, although the practical possibility of enforcing such laws has been questioned⁶.

H2GC recently revised its expectations for the Norwegian market and now expects a flattish trend rather than the solid growth trajectory of its previous forecasts.

The Norwegian market for unregulated online gaming sites (EURm)



Source: ABG Sundal Collier, company data

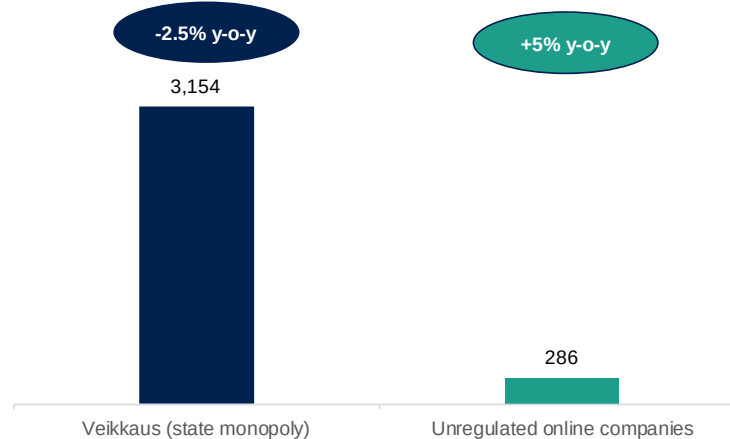
The Finnish market

Veikkaus is a Finnish state-owned company with a monopoly on gambling activities in the country. There has recently been an active discussion in the market regarding abolishing the current monopoly framework and opting instead for a licensing regime to legally open the market up to private players.

⁵ <https://calvinayre.com/2017/05/02/business/norway-regulator-blocks-online-gambling-payments/>

⁶ <https://www.gamingintelligence.com/legal/51452-norway-considers-amended-broadcasting-act-to-block-gambling-ads>

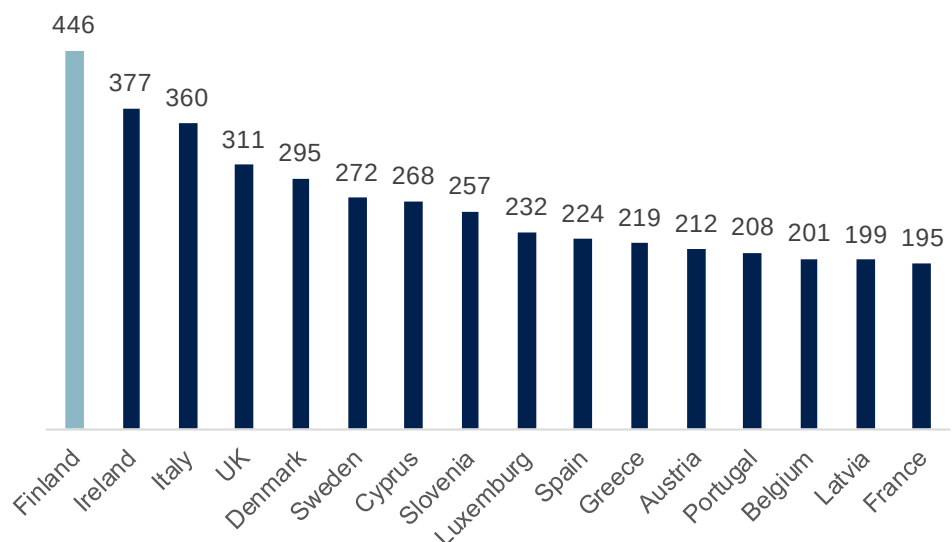
Gambling market in Finland (2018, EURm)



Source: ABG Sundal Collier, company data and H2GC for the unregulated market. Note that the estimate for growth for unregulated is for 2019 while the growth for Veikkaus is actual growth for 2018

Also the Finnish market has a very gambling-oriented population with the highest per capita GGR in the EU:

Per capita GGR 2018 (EUR/adult population)



Source: ABG Sundal Collier, H2GC

UK market

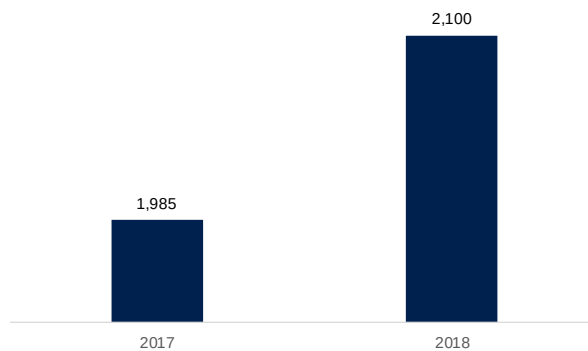
The UK market is the single largest market in Europe. The remote casino market is worth GBP 2.1bn. It was an important market for GIG with the BetIt brands but now is a more minor region for the company.

The regulatory environment has become tougher of late, with the remote gaming tax hiked as of April 2019 to 21%⁷ from 15% (within online casino). The government has also banned the use of credit cards to place bets; this came into force in mid-April '20e⁸. Another example of new gambling regulations established in 2019 was the reduction in the maximum stake allowed on fixed-odds betting terminals. This was reduced from GBP 100 to GBP 2 in March 2019 to protect punters from running up large losses on the machines.

⁷ <https://www.gov.uk/government/publications/rates-and-allowance-excise-duty-gambling-duty/excise-duty-gambling-duty-rates>

⁸ <https://www.ft.com/content/e49a41c8-369f-11ea-a6d3-9a26f8c3c3ba4>

UK remote online casino market (GBP)



Source: ABG Sundal Collier, company data, UK Gambling Commission 2019

German market

GIG is currently enjoying solid growth in the German market. The German market is currently grey and remote casino companies operate on a Maltese license and pay VAT (19%) on casino revenues. Unlicensed and licensed sports betting is subject to a 5% turnover tax⁹. The German Gambling Research Centre (Forschungsstelle Glücksspiel) recently highlighted that land-based casinos generated GGR of EUR 607m in 2017 and paid EUR 319m in casino and sales taxes. The illegal online market, on the other hand, is estimated to have generated a total GGR of EUR 1.76bn in the same year, but only paid VAT of EUR 334m. Had it been subject to the same taxes as its land-based counterparts, remote casino providers would have paid EUR 915m.

The market is now set to become regulated in 2021. Sports betting, online poker and online casino games including slots will all be permitted within the new regulations. With that said, it can only be offered with certain restrictions. For sports betting, this limits live betting to the final result or next scorer. Slots, on the other hand, will be subject to a EUR 1 per spin stake limit, and must be offered separately to table games, with no autoplay function and no jackpots. The various states will also have an effective veto on whether to allow table games, and could give their lotteries a monopoly over the product.

Furthermore, the mandatory deposit limit of EUR 1,000 across all providers first included in the third State Treaty will remain in effect. On top of this, it is noted that operators will not be allowed to advertise between 6am and 9pm.¹⁰

⁹ [https://uk.practicallaw.thomsonreuters.com/1-635-3486?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&bhcp=1](https://uk.practicallaw.thomsonreuters.com/1-635-3486?transitionType=Default&contextData=(sc.Default)&firstPage=true&bhcp=1)

¹⁰ <https://www.igamingbusiness.com/news/german-lawmakers-approve-new-gambling-regulations>

Regulatory landscape overview EU

Online gaming market 2018	USDm	Regulatory status	Online penetration	Taxation
Argentina	Nascent	Licences in the process of being issued in Buenos Aires	5%	NA
Australia	2,261	Regulation for online sports varies by state, online gaming (casino) not permitted	13%	Varies by state; 8–15% GGR tax on sports
Austria	377	Casino Austria has monopoly remote operates in grey market. Regulation is under discussion	24%	2% turnover tax on sports; 40% GGR tax on gaming
Belgium	628	Online gaming licences limited to land-based gaming licence holders	33%	11% GGR tax; VAT has been removed
Brazil	Nascent	Legislation passed with view to future regulation (2-4 years)	9%	NA
China	2,000	Grey market	6%	NA
Croatia	350	Ambiguous	NA	Ambiguous
Colombia	Nascent	Regulated market	8%	NA
Denmark	754	Regulated market	50%	20% tax on GGR (28% from '21)
Finland	1,005	State monopoly, grey for others	45%	NA
France	1,884	Partially regulated	18%	9.3% turnover tax on sports, 2% turnover tax on poker
Germany	2,763	Grey market, regulation under discussion for sports betting, while casino is complex	16%	5% turnover tax on sports; 16% GGR tax on gaming
Greece	377	Regulated market	18%	35% but GGR tax can be used to reduce corporate tax
Italy	1,884	Regulated with advertising restrictions	9%	24% GGR tax for sports, 25% for casino
Ireland	628	Regulated	30%	2% turnover tax on sports; 25% GGR tax on gaming
Japan	5,024	Grey market	10%	NA
Mexico	251	Regulated market	23%	NA
Netherlands	377	Licences to commence in 2021	13%	29% of GGR
Norway	754	Grey market with payment blocking. Advertising restriction discussed	53%	NA
Poland	377	Ban on online casino except for state monopoly	22%	12% Turnover tax on sports
Portugal	251	Regulated market, a move to flat	13%	15% turnover tax on sales up to EUR 5m + 15% GGR tax on revenue > 5m. 8% sports turnover tax
Russia	440	Grey market	45%	NA
Spain	1,068	Regulated market	11%	20% GGR tax
Sweden	1,256	Regulated	52%	18% GGR tax
Switzerland	251	Block on online gambling except for local Swiss casinos. Only licensed lotteries can offer online sports		NA
Turkey	251	Black market: Gaming is illegal	15%	NA
UK	8,039	Regulated market	40%	21% GGR gaming tax and 15% GRR sports tax
US	628	Operational in selected states like NJ, Nevada	3%	Vary by state

Source: ABG Sundal Collier, Government bodies, Edison, industry news agencies

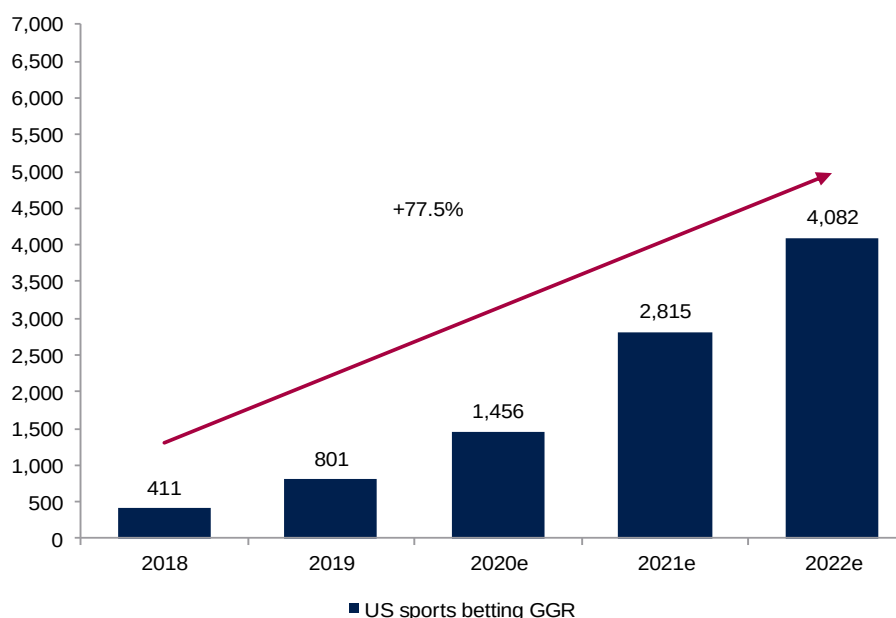
US market

The US market is important in the sense that GIG supplies HardRock with its sportsbook solution in New Jersey and Iowa. It also supplies HardRock with casino services in New Jersey, and has been granted an affiliate license in that state as well.

In our view, sports betting legalisation in the US is by far the most interesting opportunity in the iGaming sector. In essence, it will double the TAM for many companies. Between 2018 and 2022e, our assessment is that the US market will grow by a CAGR of ~78% and be worth ~EUR 4bn in 2022. To see a more comprehensive overview of the US market.

There is also a trend with more states opening up for casino gambling, but this is occurring more gradually than with sports. For example, it took five years between the first (NJ) and second states (PA) to legalise online casinos.

Overview US sports betting market (EURm)



Source: ABG Sundal Collier estimates

There will be a need for B2B suppliers in each state that legalises sports betting, creating a unique opportunity vs. Europe where the dominant players already have a sportsbook in place. As a B2B supplier, one has the opportunity to sign with both multi-state companies as well as “local heroes” e.g. local land-based casinos moving to become important niche companies in their state.

M&A

The iGaming market is continuously consolidating, with the larger players either eating up the smaller players or merging with other top-tier companies. Below is a selected list of key transactions; the M&A deals are varied in terms of geography and product type.

Selected M&A deals

Buyer	Target	Value (USDm)	Announced	Business
Flutter entertainment (merger)	The Stars Group (merger)	6,000		Poker Stars
SBTech & Diamond Eagle	Draftking (merger)	3,200	Jan-20	Fantasy sports in US
888	Costa Bingo	17	Apr-19	Online bingo in UK
CG Technology	CG Technology	Unknown	Nov-19	US Nevada sportsbook
Caesars (merger)	Eldorado resorts (Merger)	17,300	Jun-19	US casino operators
JPJ	Gamesys	618	Jun-19	UK online gaming B2C and platform
Rank Group	Stride Gaming	150	May-19	UK online gaming B2C and platform
888	Bet Bright	20	Mar-19	UK sports betting platform
PPB acquires 51% of	Adjarabet	132	Feb-19	Georgian B2Csports and gaming
888 buys remaining share	AAPN	28	Dec-18	All American Poker Network
William Hill	Mr.Green	314	Nov-18	European online gaming and sports
GVC	Neds International	67	Nov-18	Australian online sports betting
Paddy Power Betfair	FanDuel	158	May-18	US fantasy sports
Playtech	Snaitech	1,040	Apr-18	Italian Retail betting
TSG	SkyBetting & Gaming	4,770	Apr-18	B2C sports and gaming
TSG	William Hill Australia via Crown Bet Holdings	234	Mar-18	Australian sports betting
GVC	51% of Crystalbet	51	Feb-18	Georgian online gaming and sports
GVC	LadbrokesCoral	4,182	Dec-17	Retail and online gaming and sports
Scientific Games	NYX	603	Sep-17	betting and gaming platform
PaddyPowerBetfair	DRAFT	48	May-17	US fantasy sports
Kindred	32Red	217	Mar-17	B2C sports and gaming
GVC acquires	bwin.party	1,676	Jul-15	B2C sports and gaming
Paddy Power (merger)	Betfair (merger)	6,710	Aug-15	B2C sports and gaming
CVC acquires	majority stake in Tipico	1,632	Apr-16	German sports betting
NYX	OpenBet	383	Apr-16	Betting and gaming platform
CVC acquires	Sisal Group	1,134	Apr-16	Italian gaming and payments
Ladbrokes (merger)	GalaCoral (merger)	3,752	Jul-15	B2C sports and gaming

Source: ABG Sundal Collier, company data, Edison, Company announcements

Appendix

Board and Management Overview

Board of directors

- **Petter Nylander (Chairman of the Board):** Chairman of the Board since Dec 2018 with an extensive background from senior positions in iGaming, media, sales and marketing. Notably, Nylander was CEO of Unibet (part of Kindred Group) from 2005-2010, CEO of Universum (global leader in employer branding) from 2011-2019. He also serves as Chairman of G5 entertainment (since 2013) and Besedo (since 2011).
- **Helge Nielsen (Board member):** Broad and diverse senior management experience both nationally and internationally, including for listed companies such as Grieg Seafood (CEO and chairman). He currently operates his own consultancy company and holds various directorships.
- **Henrik Persson Ekdahl (Board Member):** Two decades of experience within the online gaming industry, including CEO of BestPoker, CEO of Betsafe and CEO of Betit Group. Partner & Co-Founder of Optimizer Invest since 2012.
- **Nicolas Aldercreutz (Chairman of the Audit committee):** More than 20 years of experience within finance and in senior management positions. Nicolas has held positions such as CFO of Bluestep Bank, CFO of Qliro Group AB (Nasdaq OMX) and CFO at PA Resources (Nasdaq OMX). He is currently Interim CFO of Bright Group.
- **Kjetil Garstad (Member of the audit committee):** Kjetil has many years of experience as an analyst and investor within various financial institutions and investment firms. Kjetil currently works as an analyst at Stenshagen Invest AS, a shareholder of the Company, but has previously held positions such as research analyst at Arctic Securities and at SEB Enskilda. He is also holding other positions of trust such as director of B2 Holding, Norwegian Finans Holding and Protector Insurance.

Management

- **Richard Brown (Chief Executive Officer):** Appointed CEO in Nov 2019, Mr Brown replaced GiG's former CEO and co-founder Robin Reed after a change in leadership was needed to turn around the company. Richard Brown has been part of GiG since 2016, including positions as managing director for GiG Media, CDO and COO. He has 10+ years of experience within the iGaming industry and has a solid track record of delivering on strategic initiatives.
- **Chris Armes (Chief Information Officer):** Joined GiG in Aug 2019 with the strategic responsibility for GiG's technology assets. More than 30 years of experience within hardware and software companies, including senior positions in SG Digital, Oracle and Sun Microsystems
- **Justin Psaila (Chief Financial Officer):** Has been with GiG since 2015. More than 10 years of experience in iGaming, including 8 years as Management Accountant in Betsson Group.

- **Ben Clemes (Chief Commercial Officer):** Joined GiG in 2013 as Head of Casino Operations, progressed to Managing Director of iGaming Cloud in 2016 and was made CCO of GiG in late 2017. Background from casino management, including MGM in Las Vegas, and Head of Casino Operations for Nordic Gaming Group.
- **Cristina Niculae (Chief Strategic Officer):** 15 years of experience from scaling technology companies such as Oracle and Ericsson. Niculae has a deep academic background with an MSc Engineering from the University of Bucharest, an MBA in Strategic Planning from Edinburgh Business School as well as an MSc in Artificial Intelligence from the University of Malta. Has been with GiG for three years.
- **Tim Parker (Chief Marketing Officer):** Appointed CMO in November 2018 after successfully being the Managing Director of the in-house success story of Rizk. Almost 20 years' experience from the iGaming industry, with expertise in sales and marketing strategies.
- **Tore Formo (Group Chief Financial Officer):** Joined GiG as CFO in 2005. More than 25 years of financial experience as an analyst, both within equity and debt.

Detailed P&L Quarterly (In EURm)

P&L (In SEKm)	Q1 20	Q2 20e	Q3 20e	Q4 20e
Revenue	31.1	15.6	14.7	15.0
Change % y-o-y	NM	19%	25%	45%
COGS	-6.8	-0.3	-0.3	-0.3
Gross Profit	24.3	15.3	14.4	14.7
Marketing expenses	-8.9	-1.9	-1.8	-1.8
% of Sales	-29%	-12%	-12%	-12%
Other Opex	-12.9	-9.6	-8.0	-7.7
% of Sales	-29%	-12%	-12%	-12%
Total Opex	-21.8	-11.5	-9.8	-9.5
EBITDA	2.5	3.8	4.6	5.2
EBITDA margin	8%	25%	32%	35%
D&A:	-5.4	-5.4	-5.4	-5.4
Impairment of intangibles	0.0	0.0	0.0	0.0
EBITA	-2.9	-1.6	-0.8	-0.2
EBITA margin	-9%	-10%	-5%	-2%
EBIT	-2.9	-1.6	-0.8	-0.2
EBIT margin	-9%	-10%	-5%	-2%
Financial income	0.4	0.4	0.4	0.4
Other Income (expense)	0.0	-0.8	-0.8	-0.8
Net Financial	0.4	-0.5	-0.5	-0.5
Pre-tax income	-2.5	-2.1	-1.3	-0.7
Revenue bridge:	12.7	15.6	14.7	15.0
Sportsbook	0.2	0.3	0.5	0.5
B2B Platform services	4.3	7.4	7.0	7.0
Affiliate	8.2	7.9	7.2	7.5
Discontinued	0.0	0.0	0.0	0.0
EBITDA bridge:	2.5	3.8	4.6	5.2
Sportsbook	-1.7	-1.6	0.0	0.0
B2B Platform services	-1.6	1.4	1.1	1.4
Affiliate	4.5	4.0	3.6	3.8
Discontinued	1.3	0.0	0.0	0.0

Source: ABG Sundal Collier, company data

Income Statement (EURm)	Q1 2019e	Q2 2019e	Q3 2019e	Q4 2019e	Q1 2020	Q2 2020e	Q3 2020e	Q4 2020e
Sales	32	31	30	29	31	16	15	15
COGS	-6	-7	-7	-4	-7	-0	-0	-0
Gross profit	26	24	24	25	24	15	14	15
Other operating items	-22	-22	-24	-61	-21	-11	-10	-10
EBITDA	4	2	-0	-36	3	4	5	5
Depreciation and amortisation	-7	-7	-7	-6	-6	-5	-5	-5
EBITA	-2	-4	-7	-43	-3	-2	-1	-0
EO items	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0
EBIT	-2	-4	-7	-43	-3	-2	-1	-0
Net financial items	-0	-2	-2	-5	0	-0	-0	-0
Pretax profit	-3	-6	-8	-47	-3	-2	-1	-1
Tax	-0	-0	-0	-0	-0	-0	-0	-0
Net profit	-3	-6	-8	-47	-3	-2	-1	-1
Minority interest	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0
Net profit to shareholders	-3	-6	-8	-47	-3	-2	-1	-1
EPS	-0.03	-0.07	-0.09	-0.53	-0.03	-0.03	-0.02	-0.01
EPS Adj	-0.03	-0.07	-0.09	-0.53	-0.03	-0.03	-0.02	-0.01
Total extraordinary items after tax	0	0	0	0	0	0	0	0
Tax rate (%)	4.9	1.0	1.3	0.7	2.4	11.3	17.6	31.9
Gross margin (%)	80.1	78.8	77.9	85.0	78.3	98.0	98.0	98.0
EBITDA margin (%)	12.7	8.0	-0.6	-123.8	10.4	24.6	31.6	34.5
EBITA margin (%)	-7.5	-13.0	-22.3	-144.7	-9.3	-10.2	-5.3	-1.5
EBIT margin (%)	-7.5	-13.0	-22.3	-144.7	-9.3	-10.2	-5.3	-1.5
Pretax margin (%)	-8.4	-19.6	-27.3	-160.0	-8.1	-13.3	-8.5	-4.7
Net margin (%)	-8.8	-19.8	-27.6	-161.1	-8.3	-14.8	-10.0	-6.2
Growth rates Y1Y	Q1 2019e	Q2 2019e	Q3 2019e	Q4 2019e	Q1 2020	Q2 2020e	Q3 2020e	Q4 2020e
Sales growth (%)	-13.2	-16.0	-18.9	-26.3	-4.1	-49.6	-51.4	-48.8
EBITDA growth (%)	-5.1	49.4	-chg	-chg	-21.3	54.3	+chg	+chg
EBIT growth (%)	-chg	-chg	-chg	-chg	-chg	+chg	+chg	+chg
Net profit growth (%)	-chg	-chg	-chg	-chg	+chg	+chg	+chg	+chg
EPS growth (%)	-chg	-chg	-chg	-chg	+chg	+chg	+chg	+chg
Adj earnings numbers	Q1 2019e	Q2 2019e	Q3 2019e	Q4 2019e	Q1 2020	Q2 2020e	Q3 2020e	Q4 2020e
EBITDA Adj	4	2	-0	-36	3	4	5	5
EBITDA Adj margin (%)	12.7	8.0	-0.6	-123.8	10.4	24.6	31.6	34.5
EBITA Adj	-2	-4	-7	-43	-3	-2	-1	-0
EBITA Adj margin (%)	-7.5	-13.0	-22.3	-144.7	-9.3	-10.2	-5.3	-1.5
EBIT Adj	-2	-4	-7	-43	-3	-2	-1	-0
EBIT Adj margin (%)	-7.5	-13.0	-22.3	-144.7	-9.3	-10.2	-5.3	-1.5
Pretax profit Adj	-3	-6	-8	-47	-3	-2	-1	-1
Net profit Adj	-3	-6	-8	-47	-3	-2	-1	-1
Net profit to shareholders Adj	-3	-6	-8	-47	-3	-2	-1	-1
Net Adj margin (%)	-8.8	-19.8	-27.6	-161.1	-8.3	-14.8	-10.0	-6.2

Source: ABG Sundal Collier, Company data

Income Statement (EURm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales	0	0	18	54	120	151	123	76	61	62
COGS	0	0	-4	-1	-21	-27	-24	-8	-1	-1
Gross profit	0	0	14	52	100	124	99	69	60	61
Other operating items	0	0	-16	-47	-87	-121	-129	-52	-39	-40
EBITDA	0	0	-2	6	13	3	-30	17	21	21
Depreciation and amortisation	0	0	-0	-1	-11	-20	-26	-22	-21	-22
Of which leasing depreciation	0	0	0	0	0	0	0	-3	-3	-3
EBITA	0	0	-2	5	2	-17	-56	-5	-1	-2
EO items	0	0	0	0	0	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	0	0	-2	5	2	-17	-56	-5	-1	-2
Net financial items	0	0	1	-1	-1	-2	-8	-1	-2	0
Pretax profit	0	0	-1	3	1	-19	-64	-7	-3	-1
Tax	0	0	-0	-0	-1	-1	-1	-1	-1	-1
Net profit	0	0	-1	3	-0	-20	-65	-7	-3	-2
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	0	0	-1	3	-0	-20	-65	-7	-3	-2
EPS	0	0	-0.00	0.03	-0.00	-0.22	-0.72	-0.08	-0.04	-0.02
EPS Adj	0	0	-0.00	0.03	-0.00	-0.22	-0.72	-0.08	-0.04	-0.02
Total extraordinary items after tax	0	0	0	0	0	0	0	0	0	0
Leasing payments	0	0	0	0	0	0	0	-3	-3	-3
Tax rate (%)	ns	ns	4.7	10.9	175.4	3.6	1.0	11.3	26.4	57.9
Gross margin (%)	nm	nm	76.8	97.8	83.0	81.9	80.4	90.0	98.0	98.0
EBITDA margin (%)	nm	nm	-10.8	10.8	10.4	1.8	-24.4	22.1	33.8	33.4
EBITA margin (%)	nm	nm	-12.7	8.8	1.3	-11.4	-45.3	-7.2	-1.0	-2.7
EBIT margin (%)	nm	nm	-12.7	8.8	1.3	-11.4	-45.3	-7.2	-1.0	-2.7
Pretax margin (%)	nm	nm	-5.9	6.2	0.5	-12.6	-52.1	-8.6	-4.4	-2.0
Net margin (%)	nm	nm	-6.2	5.6	-0.3	-13.0	-52.6	-9.5	-5.5	-3.1
Growth rates Y/Y	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Sales growth (%)	na	na	na	200.3	124.6	25.7	-18.7	-37.8	-20.5	2.0
EBITDA growth (%)	-100.0	na	high	401.5	115.3	-77.8	-1,175.9	156.4	21.5	0.8
EBIT growth (%)	na	na	high	307.6	-65.8	-1,170.9	-223.6	90.2	89.3	-184.3
Net profit growth (%)	na	na	high	371.5	-114.0	-4,611.4	-228.4	88.7	54.0	43.1
EPS growth (%)	na	na	high	1,620.6	-114.0	-4,611.8	-226.8	88.7	54.0	43.1
Profitability	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
ROE (%)	nm	nm	-8.1	4.5	-0.4	-20.0	-117.3	-44.0	-36.3	-29.0
ROE Adj (%)	nm	nm	-8.1	4.5	-0.4	-20.0	-117.3	-44.0	-36.3	-29.0
ROCE (%)	nm	nm	-6.9	4.7	0.4	-11.6	-52.9	-5.6	0.6	-1.8
ROCE Adj(%)	nm	nm	-6.9	4.7	0.4	-11.6	-52.9	-5.6	0.6	-1.8
ROIC (%)	na	na	-16.6	6.2	-0.9	-11.7	-48.1	-7.4	-1.2	-5.5
ROIC Adj (%)	na	na	-16.6	6.2	-0.9	-11.7	-48.1	-7.4	-1.2	-5.5
Adj earnings numbers	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA Adj	0	0	-2	6	13	3	-30	17	21	21
EBITDA Adj margin (%)	nm	nm	-10.8	10.8	10.4	1.8	-24.4	22.1	33.8	33.4
EBITDA lease Adj	0	0	-2	6	13	3	-30	14	18	18
EBITDA lease Adj margin (%)	nm	nm	-10.8	10.8	10.4	1.8	-24.4	18.5	29.2	28.9
EBITA Adj	0	0	-2	5	2	-17	-56	-5	-1	-2
EBITA Adj margin (%)	nm	nm	-12.7	8.8	1.3	-11.4	-45.3	-7.2	-1.0	-2.7
EBIT Adj	0	0	-2	5	2	-17	-56	-5	-1	-2
EBIT Adj margin (%)	nm	nm	-12.7	8.8	1.3	-11.4	-45.3	-7.2	-1.0	-2.7
Pretax profit Adj	0	0	-1	3	1	-19	-64	-7	-3	-1
Net profit Adj	0	0	-1	3	-0	-20	-65	-7	-3	-2
Net profit to shareholders Adj	0	0	-1	3	-0	-20	-65	-7	-3	-2
Net Adj margin (%)	nm	nm	-6.2	5.6	-0.3	-13.0	-52.6	-9.5	-5.5	-3.1

Source: ABG Sundal Collier, Company data

Cash Flow Statement (EURm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
EBITDA	0	0	-2	6	13	3	-30	17	21	21
Net financial items	0	0	1	-1	-1	-2	-8	-1	-2	0
Paid tax	0	0	-0	-0	-1	-1	-1	-7	-3	-2
Non-cash items	0	0	-0	-2	2	16	41	16	3	1
Cash flow before change in WC	0	0	-1	2	12	16	2	25	18	20
Change in WC	0	0	1	1	1	2	5	-5	1	0
Operating cash flow	0	0	-0	4	13	18	7	19	19	21
CAPEX tangible fixed assets	0	0	-2	-2	-7	-12	-12	-5	-5	-6
CAPEX intangible fixed assets	0	0	0	0	0	0	0	-2	0	0
Acquisitions and disposals	0	0	0	-2	-60	-0	0	31	0	0
Free cash flow	0	0	-2	-0	-53	5	-4	44	14	15
Dividend paid	0	0	0	0	0	0	0	0	0	0
Share issues and buybacks	0	0	1	5	0	0	0	0	0	0
Lease liability amortisation	0	0	0	0	0	0	0	-3	-3	-3
Other non cash items	0	0	-0	-3	-3	-2	-13	-30	2	2
Decrease in net IB debt	0	0	-1	1	-54	4	-6	20	11	12
Balance Sheet (EURm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Goodwill	0	0	22	64	69	69	41	15	15	15
Other intangible assets	0	0	6	43	92	70	41	39	24	8
Tangible fixed assets	0	0	0	0	0	0	0	7	9	11
Right-of-use asset	0	0	0	0	0	0	0	0	0	0
Total other fixed assets	0	0	1	2	7	8	22	16	15	12
Fixed assets	0	0	30	109	169	147	103	77	63	47
Inventories	0	0	0	0	0	0	0	0	0	0
Receivables	0	0	4	13	25	29	22	21	25	25
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash and liquid assets	0	0	2	6	12	15	10	9	21	10
Total assets	0	0	35	128	206	190	136	108	108	81
Shareholders equity	0	0	27	107	109	88	22	11	8	6
Minority	0	0	-0	0	0	0	-0	-0	-0	0
Total equity	0	0	27	107	109	88	22	11	8	6
Long-term debt	0	0	2	3	66	64	33	33	0	0
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	0	0	0	14	14	14
Total other long-term liabilities	0	0	0	0	2	3	14	24	22	20
Short-term debt	0	0	2	3	0	1	34	0	33	10
Accounts payable	0	0	5	15	29	34	33	27	31	32
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	0	0	35	128	206	190	136	108	108	82
Net IB debt	0	0	1	0	54	50	57	37	26	14
Net IB debt excl. pension debt	0	0	1	0	54	50	57	37	26	14
Net IB debt excl. leasing	0	0	1	0	54	50	57	24	12	0
Capital invested	0	0	29	107	165	141	93	72	56	40
Working capital	0	0	-1	-2	-4	-6	-11	-5	-7	-7
EV breakdown	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Market cap. diluted (m)	0	0	1,009	290	449	200	71	49	49	49
Net IB debt Adj	0	0	1	0	54	50	57	37	26	14
Market value of minority	0	0	0	0	0	0	-0	-0	-0	0
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	0	0	0	0	0	0	0	0	0	0
EV	0	0	1,011	290	504	250	127	86	75	63
Capital efficiency	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Total assets turnover (%)	nm	nm	101.2	65.7	72.2	76.5	75.5	62.8	56.3	65.4
Working capital/sales (%)	nm	nm	-2.8	-3.2	-2.5	-3.0	-6.6	-10.4	-9.9	-11.0
Financial risk and debt service	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Net debt/equity	nm	nm	0.05	0.00	0.50	0.57	2.55	3.40	3.45	2.47
Net debt/market cap	nm	nm	0.00	0.00	0.13	0.14	0.53	0.76	0.53	0.29
Equity ratio (%)	nm	nm	76.7	83.5	52.9	46.3	16.4	10.1	7.0	6.9
Net IB debt adj./equity	nm	nm	0.05	0.00	0.50	0.57	2.55	3.40	3.45	2.47
Current ratio	nm	nm	0.86	1.01	1.30	1.24	0.49	1.07	0.68	0.79
EBITDA/net interest	na	na	high	high	high	high	high	15.69	9.93	-45.64
Net IB debt/EBITDA	nm	nm	-0.77	0.01	4.34	18.02	-1.89	2.19	1.26	0.67
Net IB debt/EBITDA lease Adj	nm	nm	-0.77	0.01	4.34	18.02	-1.89	1.67	0.70	0.02
Interest cover	nm	nm	nm	nm	nm	nm	nm	-1.64	0.11	-1.69

Source: ABG Sundal Collier, Company data

Valuation and Ratios (EURm)	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Shares outstanding adj.	0	0	502	90	90	90	90	90	90	90
Fully diluted shares Adj	0	0	502	90	90	90	90	90	90	90
EPS	0	0	-0.00	0.03	-0.00	-0.22	-0.72	-0.08	-0.04	-0.02
Dividend per share Adj	0	0	0	0	0	0	0	0	0	0
EPS Adj	0	0	-0.00	0.03	-0.00	-0.22	-0.72	-0.08	-0.04	-0.02
BVPS	0	0	0.05	1.19	1.21	0.98	0.25	0.12	0.08	0.06
BVPS Adj	0	0	-0.00	-0.00	-0.59	-0.57	-0.66	-0.48	-0.35	-0.19
Net IB debt / share	na	na	0.0	0.0	0.6	0.6	0.6	0.4	0.3	0.2
Share price	1.60	1.72	2.01	3.24	5.01	2.23	0.78	0.54	0.54	0.54
Market cap. (m)	0	0	1,009	290	449	200	71	49	49	49
Valuation	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
P/E	nm	nm	-917.7	97.1	-1,074.2	-10.1	-1.1	-6.7	-14.5	-25.6
EV/sales	nm	nm	56.62	5.41	4.18	1.65	1.03	1.12	1.23	1.01
EV/EBITDA	nm	nm	-524.0	49.8	40.2	89.7	-4.2	5.1	3.6	3.0
EV/EBITA	nm	nm	-446.6	61.7	313.2	-14.5	-2.3	-15.7	-127.8	-37.7
EV/EBIT	nm	nm	-446.6	61.7	313.2	-14.5	-2.3	-15.7	-127.8	-37.7
Dividend yield (%)	0	0	0	0	0	0	0	0	0	0
FCF yield (%)	0	0	-0.2	-0.2	-11.9	2.7	-5.9	89.2	28.5	30.4
Lease adj. FCF yield (%)	nm	nm	-0.2	-0.2	-11.9	2.7	-5.9	83.5	22.8	24.6
P/BVPS	nm	nm	37.14	2.71	4.13	2.27	3.17	4.47	6.47	8.66
P/BVPS Adj	nm	nm	-1,045.54	-6,589.08	-8.53	-3.93	-1.19	-1.14	-1.57	-2.79
P/E Adj	nm	nm	-917.7	97.1	-1,074.2	-10.1	-1.1	-6.7	-14.5	-25.6
EV/EBITDA Adj	nm	nm	-524.0	49.8	40.2	89.7	-4.2	5.1	3.6	3.0
EV/EBITA Adj	nm	nm	-446.6	61.7	313.2	-14.5	-2.3	-15.7	-127.8	-37.7
EV/EBIT Adj	nm	nm	-446.6	61.7	313.2	-14.5	-2.3	-15.7	-127.8	-37.7
EV/cap. employed	nm	nm	33.0	2.6	2.9	1.6	1.4	1.5	1.4	2.2
Investment ratios	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Capex/sales	nm	nm	9.9	3.5	5.4	8.1	9.5	8.7	8.8	9.3
Capex/depreciation	nm	nm	526.5	168.0	59.9	61.6	45.2	34.1	29.2	29.5
Capex tangibles/tangible fixed assets	nm	nm	nm	nm	nm	nm	nm	64.5	56.6	51.4
Capex intangibles/definite intangibles	nm	nm	0	0	0	0	0	5.0	0	0
Depreciation on intangibles/definite inta	nm	nm	0	0	0	0	0	44.5	63.9	194.1
Depreciation on tangibles/tangibles	nm	nm	nm	nm	nm	nm	nm	32.6	34.5	35.7

Source: ABG Sundal Collier, Company data

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