INNOVA GAMING GROUP ANNOUNCES Q4 AND FULL YEAR 2015 FINANCIAL RESULTS

2015: Revenue +14.6% to $21.2 million, Adjusted EBITDA +16.5% to $4.6 million

LOS ANGELES, CALIFORNIA, March 15, 2016 – INNOVA Gaming Group Inc. ("**INNOVA**" or the "**Company**") (**TSX: IGG**), today announced financial results for the three and twelve month periods ended December 31, 2015. *All figures in this press release are in U.S. dollars, unless otherwise noted.*

2015 Operational Highlights

- Completed successful spin-off from Amaya Inc. and initial public offering on the TSX in May 2015.
- Established infrastructure and experienced senior management team to focus on growing in the lottery and charitable gaming markets.
- Exceeded LT-3 deployment target range of 25 to 30 per month. Added 502 units in 2015, or 36.5% growth compared to 2014. 1,877 LT-3s were deployed as of the end of 2015 (1,904 as of today).
- Obtained approval for the LT-3 in New Hampshire and began deploying LT-3s in Michigan.
- Began deploying LT-3s into liquor-by-the-drink locations in Missouri, a new, non-traditional venue-type for the LT-3.
- Expanded features of LT-3s in Ontario and Maryland, including local progressive jackpot and multi-price functionality, driving higher win-per-unit ("WPU") on converted machines.

2015 Financial Highlights

- Revenue of $21.2 million in 2015, compared to $18.5 million in 2014.
- LT-3 Revenue grew 30% in 2015, compared to 2014.
- Average LT-3 WPU and ARPU (average revenue per unit) of $118 and $30, respectively.
- Adjusted EBITDA[1] of $4.6 million in 2015, compared to $3.9 million in 2014.
- Adjusted EPS[2] of $0.09 in 2015, compared to $0.08 in 2014.

"During 2015, we met or exceeded all of our growth objectives, while maintaining balance sheet strength and further building our substantial recurring revenue base," said Richard Weil, Chairman and CEO of INNOVA. "Our market opportunity is large. We expect 2016 to be another year of growth as Diamond Game continues to deploy LT-3 terminals into existing jurisdictions and opens new regions for its unique extended-play lottery and charitable gaming solution. Our goal is to grow INNOVA into a much larger, profitable organization. To that end, we are also looking at a select group of actionable transactions that would complement and grow our lottery and charitable gaming presence, while leveraging the strength of our experienced management team."

Selected Condensed Consolidated Interim Financial Information

	For the three month periods ended December 31,		For the year ended December 31,	
	2015 $	2014 $	2015 $	2014 $
Revenue	5,796,418	4,489,683	21,229,051	18,525,902
Gross profit	5,442,427	4,225,537	19,727,523	16,043,291
Net income (loss)	1,290,020	(892,327)	(395,326)	6,813,068
Total assets			35,109,394	22,939,203
Total long term financial liabilities			4,127,883	3,957,978
Basic and diluted earnings (loss) per share	0.06	(0.05)	(0.02)	0.41
Adjusted EPS(1)	0.00	0.05	0.09	0.08
Weighted average number of basic and diluted common shares	20,450,000	16,700,000	19,200,000	16,700,000

	For the three month periods ended December 31,		For the year ended December 31,	
	2015 $	2014 $	2015 $	2014 $
Reconciliation of net earnings (loss) to adjusted EBITDA				
Net income (loss)	1,290,020	(892,327)	(395,326)	6,813,068
Interest and financing costs (net of interest income)	46,960	119,852	268,245	223,532
Income taxes	(1,673,435)	1,473,487	(1,690,540)	(6,518,657)
Depreciation and amortization	909,343	445,828	2,598,536	2,377,646
Acquisition related costs	(450)	-	894,362	820,757
Audit adjustment	-	-	95,807	-
IPO discretionary bonus	-	-	1,125,204	-
Office shut down costs	-	138,000	-	138,000
Related party payable written off	-	-	(98,113)	-
Standard Inventory Adjustment	-	-	211,086	-
Stock based compensation	630,289	-	630,289	-
Termination of employee contracts	-	153,000	-	153,000
Unrealized foreign exchange (gain) loss	(278,667)	(92,747)	944,878	(97,951)
Adjusted EBITDA(2)	**924,060**	**1,345,093**	**4,584,429**	**3,909,395**

(1) Adjusted EBITDA is a non-IFRS measure. See "Non-IFRS Measures and Financial Indicators" in the Company's Management's Discussion & Analysis for the three and twelve month periods ended December 31, 2015.
(2) Adjusted EPS is a non-IFRS measure. See "Non-IFRS Measures and Financial Indicators" in the Company's Management's Discussion & Analysis for the three and twelve month periods ended December 31, 2015.

Revenue

Three months ended December 31, 2015

LT-3 revenue grew by $1.4 million or 40% compared to the same period in 2014. This was partially offset by a decrease in AGP revenue of $0.1 million or 16%. LT-3 revenue growth was primarily attributable to 502 additional machine deployments, as well as a full quarter of operation for the Quebec pilot and the Maryland veterans' program, which were still in the process of being rolled out in Q4 2014. Average LT-3 WPU and ARPU increases reflect the maturation of WPU and ARPU in more established LT-3 markets. Additionally, new game features were introduced in the Ontario market in Q4 2015 which had a positive impact on WPU. The LT-3 revenue growth in the quarter was partially offset by decreases in our AGP business, due largely to a reduction in the number of AGP machines in Texas.

Twelve months ended December 31, 2015

LT-3 revenue grew by $4.1 million or 30% compared to the same period in 2014, partially offset by a decrease in AGP revenue of $1.4 million or 32%. Similar to above, the LT-3 revenue growth was primarily attributable to having a full year of operation in the Maryland (veterans' program) and Quebec markets, new machine installations in Missouri, Maryland, Michigan and Ontario as well as strong WPU growth in Missouri. LT-3 revenue growth was partially offset by decreases in our AGP business, including significant reductions in the AGP footprint in Texas and Oklahoma. Additionally, during this period in 2014, there was a transition in Texas from a revenue share agreement with the Pueblo to a flat fee arrangement with Blue Stone that had a modest negative impact on 2015 AGP revenue and ARPU relative to 2014.

Cost of products

Three months ended December 31, 2015

Cost of products was higher by $0.1 million or 34% compared to the same period in 2014 due mainly to higher machine repair parts expenses.

Twelve months ended December 31, 2015

Cost of products was lower by $1.0 million or 40% compared to the same period in 2014. The decrease was driven by a combination of factors including the strategic decision made in 2014 to focus on our core LT-3 business and a substantial reduction in the cost of our paper tickets realized through the transition from water-based ink to a UV ink. In addition, cost savings were realized through a migration from a larger, two-ply break open ticket produced by a third-party for Ontario, to a smaller, more cost-efficient, single-ply barcode ticket produced in-house.

Selling expenses

For the three and twelve month periods compared to 2014, selling cost increased by $0.1 million or 20% and $0.2 million or 12%, respectively. The increase was due mainly to increased marketing and promotion efforts.

General and administrative expenses

Three months ended December 31, 2015

General and administrative expenses increased by $2.3 million or 74% compared to the same period in 2014. The increase was largely driven by: stock based compensation expense of $0.6 million; depreciation and amortization expense of $0.5 million; higher salaries and wages expense of $0.4 million, resulting from hiring of senior management personnel; $0.4 million of increased public company cost, including higher audit and legal fees, consulting, directors and investor relations expenses; $0.3 million of bad debt expenses; and machine service cost of $0.1 million.

Twelve months ended December 31, 2015

General and administrative expenses increased by $4.8 million or 35% compared to the same period in 2014 due mainly to: a one-time IPO related discretionary bonus of $1.1 million (offset by a commensurate $1.0 million of paid in capital) and other IPO related cost of $1.0 million; stock based compensation expense of $0.6 million; higher salaries and wages expense of $0.6 million, resulting from hiring of senior management personnel; outside services, data line and machine installation of $0.7 million related to the increases in machines deployed; $0.3 million of bad debt expenses; and increased public company cost of $0.2 million.

Financial expenses

Three months ended December 31, 2015

For the three-month periods compared to prior year, financial expenses decreased by $0.2 million due mainly to lower foreign exchange loss of $0.1 million and lower loan origination fees of $0.1 million.

Twelve months ended December 31, 2015

For the twelve-month periods compared to prior year, financial expenses increased by $1.1 million due mainly to higher foreign exchange loss.

Income taxes

Three months ended December 31, 2015

Recovery of income taxes for the three-month period was $1.7 million due mainly to adjustments in the temporary differences arising from the prior acquisition of Company assets of $0.9 million and difference in foreign tax rates of $0.7 million compared to income tax expense of $1.4 million for the same period in 2014 due mainly to US-Canada temporary difference and statutory income taxes on earnings.

Twelve months ended December 31, 2015

The recovery of income taxes was lower by $4.8 million compared to the same period in 2014 due mainly to higher deferred income tax recovery in 2014 as a result of a one-time tax election increasing the tax basis of assets acquired in the acquisition by Amaya Americas.

Liquidity and Capital Resources

Our principal uses of funds are for operating expenses and capital expenditures. Management believes that cash generated from operations and existing cash will be sufficient to meet its future operating expenses and capital expenditures.

Conference Call

INNOVA will host a conference call on Tuesday, March 15, 2016 at 11:00 a.m. ET to discuss its 2015 fourth quarter and full year financial results. Richard Weil, Chairman & Chief Executive Officer of INNOVA and Stephen Koo, Chief Financial Officer, will chair the call.

Conference Call Details

	Participant Dial-in	Webcast	Reference Number
Conference Call	**647-427-7450**; or **1-888-231-8191**	http://bit.ly/21gBZqF	
Replay (available for 2 weeks)	416-849-0833; or 1-855-859-2056		56258629

INNOVA's consolidated financial statements and management's discussion and analysis for the three and twelve month periods ended December 31, 2015 are available on SEDAR at www.sedar.com.

About INNOVA Gaming Group Inc.

INNOVA develops unique games and products for the global gaming industry, with particular focus on state and provincial lotteries. Through the Company's wholly owned subsidiary, Diamond Game, INNOVA focuses on enhancing the revenues of government-sponsored lotteries and other regulated operators by offering its unique extended-play products in traditional and non-traditional gaming venues. Its primary product is the LT-3, an instant ticket vending machine that dispenses tickets while simultaneously displaying the results of each ticket on a video monitor in an entertaining fashion. For more information, please visit www.innovagaminggroup.com.

Forward-Looking Statements

Certain statements included herein, including those that express management's expectations or estimates of our future performance or future events, including with respect to the deployment of additional machines and the creation of higher sales volumes and ongoing revenue, constitute "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at this time, are inherently subject to significant business, economic, regulatory and competitive uncertainties, contingencies and risks that could cause actual results or events to differ materially from those expressed or implied in such statements. Applicable risks and uncertainties include those identified under the heading "Risk Factors" in INNOVA's final prospectus dated April 28, 2015, available on SEDAR at www.sedar.com, and in other filings that INNOVA has made and may make with applicable securities authorities in the future. Investors are cautioned not to put undue reliance on forward-looking statements. The forward-looking statements contained herein reflect INNOVA's current views with respect to future events, and except as required by law, INNOVA does not intend, and undertakes no obligation, to update any forward-looking statements to reflect, in particular, new information or future events, or otherwise.

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Consolidated Statements of Financial Position

	December 31 2015 $	December 31 2014 $
ASSETS		
Current		
Cash	11,098,280	3,136,182
Accounts receivable	2,305,545	1,923,222
Inventories (note 4)	1,910,159	2,158,688
Prepaid expenses and deposits	901,220	440,725
Income taxes receivable	409,492	-
	16,624,696	7,658,817
Property, equipment, and intangibles (note 5)	10,174,121	8,065,612
Deferred income taxes (note 6)	8,310,577	7,214,774
	35,109,394	**22,939,203**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	2,707,467	2,357,605
Customer deposits	5,900	11,425
Income taxes payable	-	359,972
Deferred revenue	1,263,022	1,243,430
Current portion of equipment financing (note 7)	1,307,678	1,083,970
Current portion of long term debt (note 7)	369,442	-
	5,653,509	5,056,402
Deferred revenue	2,214,173	1,780,984
Equipment financing (note 7)	1,380,293	1,795,358
Deferred income taxes (note 6)	-	381,636
Long term debt (note 7)	533,417	-
	9,781,392	**9,014,380**
Commitments and contingency (note 8)		
SHAREHOLDERS' EQUITY		
Share capital (note 9)	21,735,920	10,567,704
Share issuance reserve (note 9)	630,289	-
Retained earnings	2,961,793	3,357,119
	25,328,002	13,924,823
	35,109,394	**22,939,203**

Consolidated Statements of Income and Comprehensive Income

	For the years ended December 31,	
	2015	2014
	$	$
Revenue (note 16)	21,229,051	18,525,902
Cost of products (note 17)	1,501,528	2,482,611
Gross Profit	**19,727,523**	**16,043,291**
Selling (note 17)	1,821,800	1,622,142
General and administrative (note 17)	18,740,118	13,896,352
Income (loss) from operations	**(834,395)**	**524,797**
Financial, net (note 17)	1,213,123	125,564
Other non-operating expenses (note 17)	38,348	104,822
Income (loss) before income taxes	**(2,085,866)**	**294,411**
Current income tax provision (recovery) (note 6)	(213,201)	359,972
Deferred income tax recovery (note 6)	(1,477,339)	(6,878,629)
Net income (loss)	**(395,326)**	**6,813,068**
Basic and diluted earnings (loss) per share (note 18)	(0.02)	0.41

Consolidated Statements of Cash Flows

	For the years ended December 31,	
	2015	2014
	$	$
Cash flows from operating activities		
Net income (loss)	(395,326)	6,813,068
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Loss on sale of property and equipment	38,348	27,560
Depreciation and amortization expense	2,598,536	2,377,646
Share-based compensation	630,289	-
Unrealized foreign exchange loss / (gain)	1,094,787	78,135
Non cash transaction costs	-	656,661
Deferred income tax recovery	(1,477,339)	(6,878,629)
Changes in non-cash operating elements of working capital (note 14)	(569,936)	(1,381,680)
	1,919,359	**1,692,761**
Cash flows from financing activities		
Proceeds from issuance of common stock	12,393,042	-
Transaction costs related to the issuance of common stock	(2,224,826)	-
Proceeds from shareholder injection	1,000,000	1,385,000
Dividend paid	-	(136,363)
Proceeds from debt	1,207,161	-
Repayment of debt	(246,626)	-
Repayment of equipment financing	(1,120,991)	(110,787)
	11,007,760	**1,137,850**
Cash from (used in) investing activities		
Purchase of property and equipment	(3,302,056)	(11,390)
Proceeds from sale of property and equipment	-	35,000
	(3,302,056)	**23,610**
Increase in cash	**9,625,063**	**2,854,221**
Cash – beginning of period	3,136,182	175,719
Unrealized foreign exchange (loss) / gain difference in cash	(1,662,965)	106,242
Cash – end of period	**11,098,280**	**3,136,182**