



BRAGG GAMING GROUP INC.

CONSOLIDATED
FINANCIAL STATEMENTS

Year ended December 31, 2019 and
Nine-month period ended December 31, 2018

Presented in Euros (Thousands)

Management's Statement of Responsibility for Financial Reporting

The management of Bragg Gaming Group Inc. is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements and all other information in the Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgments and estimates necessary to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management is also responsible for providing reasonable assurance that assets are safeguarded, and that relevant and reliable financial information is produced. Management is required to design a system of internal controls and certify as to the design and operating effectiveness of internal controls over financial reporting.

MNP LLP, whose report follows, were appointed as independent auditors by a vote of the Company's shareholders to audit the consolidated financial statements.

The Board of Directors, acting through an Audit Committee comprised solely of directors who are independent, is responsible for determining that management fulfils its responsibilities in the preparation of the consolidated financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appointment by the shareholders. The Audit Committee meets regularly with senior and financial management and the independent auditors to discuss internal controls, auditing activities and financial reporting matters. The independent auditors have unrestricted access to the Audit Committee. These consolidated financial statements have been approved by the Board of Directors based on the review and recommendation of the Audit Committee.

Dominic Mansour
Chief Executive Officer

Steven Prowse
Chief Financial Officer

Toronto, Canada
May 14, 2020

Independent Auditor's Report

To the Shareholders of Bragg Gaming Group Inc.:

Opinion

We have audited the consolidated financial statements of Bragg Gaming Group Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019, December 31, 2018 and March 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2019 and the nine-month period ended December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019, December 31, 2018 and March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2019 and for the period ended December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had current assets of EUR 8,337 to cover current liabilities of EUR 20,801. In addition, the Company has not yet realized profitable operations and has a cumulative deficit of EUR 46,665. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Ajmer Singh Sran.

MNP LLP

Toronto, Ontario
May 14, 2020

Chartered Professional Accountants
Licensed Public Accountants

MNP

BRAGG GAMING GROUP INC.
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

		Year ended December 31 2019	Nine months ended December 31 2018
	Note		
Revenue	7	26,592	767
Cost of revenue		(14,562)	(416)
Gross Profit		12,030	351
Selling, general and administrative expenses	7	(14,764)	(4,962)
Loss on remeasurement of deferred and contingent consideration	15	(5,347)	-
Loss on settlement of debt		-	(151)
Operating Loss		(8,081)	(4,762)
Net interest expense and other financing charges	7	(1,754)	(1)
Loss Before Income Taxes	7	(9,835)	(4,763)
Income taxes	8	(541)	(2)
Net Loss From Continuing Operations		(10,376)	(4,765)
Net loss from discontinued operations after tax	6	(1,571)	(9,086)
Net Loss		(11,947)	(13,851)
Cumulative translation adjustment - continuing operations		(247)	-
Cumulative translation adjustment - discontinued operations		74	(199)
Net Comprehensive Loss		(12,120)	(14,050)
Basic And Diluted Loss Per Share			
Continuing operations	9	(0.14)	(0.16)
Discontinued operations	9	(0.02)	(0.31)
		(0.16)	(0.47)

Certain comparative figures have been restated to conform with current year presentation (Note 1).

See accompanying notes to the consolidated financial statements.

BRAGG GAMING GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

		As at December 31		As at
	Note	2019	2018	March 31
				2018
Cash and cash equivalents	10	682	5,480	1,859
Accounts receivable	11	6,180	4,101	1,281
Prepaid expenses and other assets		333	184	188
Assets held for sale	6	1,142	-	-
Total Current Assets		8,337	9,765	3,328
Property and equipment		163	187	85
Right-of-use assets		843	-	-
Intangible assets	12	14,561	14,807	1,718
Goodwill	13	19,938	20,400	5,161
Other assets		38	109	109
Total Assets		43,880	45,268	10,401
Trade payables and other liabilities	14	8,857	7,982	1,306
Income taxes payable		778	100	-
Long term debt due within one year		-	97	-
Deferred and contingent consideration	4, 15	9,482	1,942	-
Lease liabilities		185	-	-
Liabilities held for sale	6	1,499	-	-
Total Current Liabilities		20,801	10,121	1,306
Deferred income taxes	8	1,539	1,652	-
Long term debt		-	278	-
Lease liabilities		674	-	-
Deferred and contingent consideration	15	14,250	17,321	-
Total Liabilities		37,264	29,372	1,306
Share capital	17	40,204	32,892	22,644
Warrants	19	1,565	579	3,485
Special warrants	19	-	7,641	-
Special warrants - broker compensation options	19	-	660	-
Special warrants - compensation options	19	660	-	-
Contributed surplus		11,064	8,838	3,630
Deficit		(46,665)	(34,675)	(20,824)
Accumulated other comprehensive (loss) income		(212)	(39)	160
Total Equity		6,616	15,896	9,095
Total Liabilities And Equity		43,880	45,268	10,401
Going Concern	1			

Certain comparative figures have been restated to conform with current year presentation (Note 1).

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board

Dominic Mansour
Chief Executive Officer

Jim Ryan
Non Executive Director

BRAGG GAMING GROUP INC.

	Note	Share capital	Warrants	Special warrants	Special warrants - broker compensation options	Special warrants - compensation options	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total Equity
Balance as at March 31, 2018		22,644	3,485	-	-	-	3,630	(20,824)	160	9,095
Issue of shares for acquisition of AA Acquisition Group Inc., net of issue costs	17	9,723	-	-	-	-	-	-	-	9,723
Issue of shares to Directors and Officers	17	525	-	-	-	-	-	-	-	525
Issue of special warrants	19	-	-	8,301	-	-	-	-	-	8,301
Issue of special warrants – broker compensation options	19	-	-	(660)	660	-	-	-	-	-
Expiry of warrants	19	-	(2,906)	-	-	-	2,906	-	-	-
Share-based compensation	18	-	-	-	-	-	2,302	-	-	2,302
Net loss for the period		-	-	-	-	-	-	(13,851)	-	(13,851)
Other comprehensive loss		-	-	-	-	-	-	-	(199)	(199)
Balance as at December 31, 2018		32,892	579	7,641	660	-	8,838	(34,675)	(39)	15,896
Impact of adoption of IFRS 16	2							(43)		(43)
Issue of shares as settlement of deferred consideration	17	1,236	-	-	-	-	-	-	-	1,236
Conversion of special warrants	17, 19	6,076	1,565	(7,641)	-	-	-	-	-	-
Conversion of special warrants - broker compensation options	19	-	-	-	(660)	660	-	-	-	-
Expiry of warrants	19	-	(579)	-	-	-	579	-	-	-
Share-based compensation	18	-	-	-	-	-	1,647	-	-	1,647
Net loss for the year		-	-	-	-	-	-	(11,947)	-	(11,947)
Other comprehensive loss		-	-	-	-	-	-	-	(173)	(173)
Balance as at December 31, 2019		40,204	1,565	-	-	660	11,064	(46,665)	(212)	6,616

Certain comparative figures have been restated to conform with current year presentation (Note 1).

See accompanying notes to the consolidated financial statements.

BRAGG GAMING GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

		Year ended December 31 2019	Nine months ended December 31 2018
	Note		
Operating Activities			
Net loss from continuing operations		(10,376)	(4,765)
Add:			
Net interest expense and other financing charges		1,754	1
Depreciation and amortization		2,080	40
Share based payments	18	1,647	2,302
Loss on settlement of debt		-	151
Loss on remeasurement of deferred and contingent consideration	15	5,347	-
Deferred income tax recovery	8	(112)	-
		340	(2,271)
Change in non-cash working capital	20	(660)	3,004
Change in income taxes payable		222	-
Cash Flows (Used In) From Operating Activities		(98)	733
Investing Activities			
Purchases of property and equipment		(120)	-
Proceeds from sale of equipment		16	-
Additions in intangible assets	12	(1,555)	-
Business acquisition, net of cash acquired	4	-	(3,690)
Deferred consideration payments	15	(639)	-
Cash Flows Used In Investing Activities		(2,298)	(3,690)
Financing Activities			
Repayment of long term debt		(375)	-
Proceeds from the issuance of common shares and warrants	17, 19	-	8,301
Cash rent paid on lease liabilities - interest		(16)	-
Cash rent paid on lease liabilities - principal		(93)	-
Interest income		4	-
Interest and financing fees		(41)	-
Cash Flows (Used In) From Financing Activities		(521)	8,301
Effect of foreign currency exchange rate changes on cash and cash equivalents		(276)	(579)
Net cash flow from discontinued operations		(1,605)	(1,144)
Change In Cash And Cash Equivalents		(4,798)	3,621
Cash and cash equivalents at beginning of year / period		5,480	1,859
Cash And Cash Equivalents at end of year / period		682	5,480

Certain comparative figures have been restated to conform with current year presentation (Note 1).
See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****1 BASIS OF PRESENTATION AND GOING CONCERN****Nature of operations**

Bragg Gaming Group Inc. and its subsidiaries ("Bragg", "BGG", the ".Company" or the "Group") is primarily a B2B online gaming technology platform and casino content aggregator through its acquisition of Oryx Gaming International LLC ("Oryx" or "Oryx Gaming") in December 2018. Bragg's portfolio also owns the online media assets of GIVEMESPORT, a Facebook Sport Publisher, and GIVEMEBET, a UK-focused sportsbook

The registered and head office of the Company is located at 130 King Street West, Suite 1955, Toronto, Ontario, Canada M5X 1K6.

Oryx Gaming

Oryx Gaming is a B2B gaming solution provider. Oryx offers a turnkey solution, including an omni-channel retail, online and mobile iGaming platform, as well as an advanced content aggregator, sportsbook, lottery, marketing and operational services. Oryx is incorporated in the State of Delaware and headquartered in Las Vegas. Its primary operations are provided through its wholly-owned subsidiaries in Malta, Cyprus and Slovenia.

Acquisition of Oryx Gaming

On December 20, 2018, the Company completed a business combination transaction with AA Acquisition Group Inc. ("AAA") by way of a "three-cornered amalgamation" whereby the Company acquired all of the issued and outstanding securities of AAA in exchange for the issuance to AAA shareholders of 20,999,995 Common Shares of the Company on a pro-rata basis amongst AAA shareholders, and whereby AAA amalgamated with a wholly-owned subsidiary of the Company. Upon completion of the Amalgamation, all of the property, rights, privileges and assets of AAA have continued as the property rights, privileges and assets of the amalgamated entity, Bragg Oryx Holdings Inc., a wholly-owned subsidiary of the Company.

AAA was a special purpose vehicle incorporated on April 12, 2018 under the Ontario Business Corporations Act, with the primary purpose of acquiring share capital, trade and assets of Oryx Gaming and its wholly-owned subsidiaries. On December 20, 2018, AAA acquired all of the issued and outstanding membership interests of Oryx Gaming before the three-cornered amalgamation as discussed above.

Acquisition of Win Gaming

On April 30, 2019, the Company completed an acquisition transaction whereby it acquired all of the equity in WIN Gaming Limited ("WIN") in exchange for cash consideration of EUR 66. The purpose of the acquisition was to acquire WIN's remote gaming licence issued by the Malta Gaming Authority. WIN is a private limited liability company incorporated in Malta.

Classification of online media business unit as held for sale and discontinued operations

During the year, the Company decided to discontinue its online media business unit. The associated assets and liabilities within the disposal group are presented as held for sale and the net loss attributable as discontinued operations in the consolidated financial statements. The Company completed the sale of the majority of its online media business unit on May 7, 2020 (note 24).

Basis of preparation

The consolidated financial statements are prepared on a historical cost basis except for financial instruments classified at fair value through profit or loss ("FVTPL") which are measured at fair value. The significant accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for all periods presented, with the exception of the change in presentation currency and adoption of IFRS 16 *Leases*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****1 BASIS OF PRESENTATION AND GOING CONCERN (continued)****Restatement of comparative figures**

Comparative figures have been restated to conform with current year presentation as follows:

- Long-term security deposits for leases are now disclosed as other assets. Previously, they had been categorized as current assets within prepaid expenses and other assets. The restatement has no effect on the net assets nor loss for the period for prior periods.
- In line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* the consolidated statements of loss and comprehensive loss and cash flows for the nine months ended December 31, 2018 have been restated to separately report on discontinued operations that in prior periods had been considered continuing operations (note 6). The restatement has no effect on the net assets as at December 31, 2018 nor on the loss and comprehensive loss and change in cash and cash equivalents for the nine months ended December 31, 2018.

The consolidated financial statements are presented in Euros ("EUR") for the first time. The prior periods had been reported in Canadian dollars. During the year, the Company changed its presentation currency from Canadian dollars to Euros to better align the functional currency and presentation currency of its main operating business. As a result, the Company presented its consolidated financial statements in accordance with *IAS 8, Accounting policies, changes in accounting estimates and errors* ("IAS 8") and presented an opening statement of financial position as at March 31, 2018.

Fiscal year

The Company's fiscal year end is December 31.

In February 2019, the Company changed its fiscal year-end to December 31, from its previous fiscal year-end of March 31. Consequently, this report is the audited consolidated financial statements for the year ended December 31, 2019 with a comparative period of the nine months ended December 31, 2018.

Going concern

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business, and do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

As at December 31, 2019, the Company had current assets of EUR 8,337 (December 31, 2018: EUR 9,765) to cover current liabilities of EUR 20,801 (December 31, 2018: EUR 10,121). The Company has a cumulative deficit of EUR 46,665 (December 31, 2018: EUR 34,675). These events or conditions, along with other matters as set forth herein indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Company's continued existence is dependent upon the achievement of profitable operations and generating positive cash flows from operations. To date, management has been successful in raising additional capital through equity or debt financings, however the Company cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018

PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

2 SIGNIFICANT ACCOUNTING POLICIES**Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors ("Board") on May 14, 2020.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Control exists when the Company has the existing rights that gives it the current ability to direct the activities that significantly affect the entities' returns. The Company assesses control on an ongoing basis. The Company's interest in the voting share capital of all its subsidiaries is 100%.

Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation.

The table below summarizes the Company's subsidiaries:

	Place of incorporation / operation	Principal activity	Functional currency
Bragg Gaming Group - Group Services Ltd	United Kingdom	Corporate activities	GBP
Bragg Gaming Group - Parent Services Ltd	United Kingdom	Corporate activities	GBP
Bragg Oryx Holdings Inc.	Canada	Intermediate holding company	CAD
Breaking Data Inc.	Canada	Dormant	CAD
DSMIC Inc.	Canada	Dormant	CAD
GMB Operations Ltd.	United Kingdom	Online media	GBP
Innovation Fund III Inc	United States	Dormant	USD
Oryx Gaming Distribution Ltd.	Cyprus	Distribution	EUR
Oryx Gaming International LLC	United States	Gaming solution provider	EUR
Oryx Gaming Ltd.	Malta	Gaming solution provider	EUR
Oryx Marketing Poslovne Storitve D.o.o.	Slovenia	Marketing	EUR
Oryx Razvojne-Storitve D.o.o.	Slovenia	Gaming solution developer	EUR
Poynt Inc.	Canada	Dormant	CAD
Sports New Media Holdings	United Kingdom	Dormant	GBP
Sports New Media Inc	United States	Dormant	GBP
Sports New Media Ltd	United Kingdom	Online media	GBP
Unomobi Inc.	United States	Dormant	USD
Win Gaming Ltd.	Malta	Gaming licence holder	EUR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****2 SIGNIFICANT ACCOUNTING POLICIES (continued)****Business combinations**

Business combinations are accounted for using the acquisition method as of the date when control is transferred to the Company. The Company measures goodwill as the excess of the sum of the fair value of the consideration transferred over the net identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. Transaction costs that the Company incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Net earnings (loss) per share ("EPS")

Basic EPS is calculated by dividing the net earnings (loss) available to shareholders by the weighted average number of shares outstanding during the period. Diluted EPS is calculated by adjusting the net earnings available to shareholders and the weighted average number of shares outstanding for the effects of all potential dilutive instruments.

Diluted loss per share is equal to basic loss per share when the effect of dilutive securities is anti-dilutive.

Revenue recognition

The Company recognizes revenue when control of the goods or services has been transferred. Revenue is measured at the amount of consideration to which the Company expects to be entitled to, including variable consideration to the extent that it is highly probable that a significant reversal will not occur.

Revenue from continuing operations is derived from software platform licensing, maintenance of source code, bespoke development, management service fees, marketing fees, content and hosting fees. Revenue is recognized when the service provided to the customer is complete. Specifically:

- Games and content: revenue from content, maintenance of source code and bespoke development is recognized once the Company's software product is ready for use and delivered to the customer. It is at this point where the Company's performance obligation is met.
- Software platform licensing: the Company charges a platform licensing and hosting fee on a monthly basis which is linked to revenues a customer earns from utilizing the Company's software platform in that period. The Company's revenue is therefore linked to the revenue of the underlying customer, i.e. the subsequent sale. The Company recognize revenue once the customer has earned the revenue from the subsequent sale/services as this is the point where the performance obligation is satisfied.
- Turnkey and management services: the Company charges a fixed monthly management and marketing fee for its services in the month in which the services are provided, and performance obligations are met. Therefore, revenue is recognized as it is billed.

Revenue from discontinued operations is derived from programmatic advertising, branded content and social media management, sales of software maintenance agreements, software customization services, technical support services and consulting services. Revenue is recognized on a monthly basis as it is billed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****2 SIGNIFICANT ACCOUNTING POLICIES (continued)****Invoice factoring**

The Group has determined that it has retained the risks and rewards of ownership with respect to invoices included in the invoice discounting program within discontinued operations. Accordingly, amounts due in respect of invoice discounting are separately disclosed as current liabilities and included in liabilities held for sale. The Company can use these facilities to draw down a percentage of the value of certain sales invoices. The management and collection of trade receivables within assets held for sale remains with the Company. The Company regularly reviews its funding requirements to ensure they are competitive in the marketplace.

Income taxes

Current and deferred taxes are recognized in the consolidated statements of earnings, except for current and deferred taxes related to a business combination, or amounts charged directly to equity or other comprehensive income, which are recognized in the consolidated statement of financial position.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset and liability method of accounting on temporary differences arising between the financial statement carrying values of existing assets and liabilities and their respective income tax bases. Deferred tax is measured using enacted or substantively enacted income tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. A deferred tax asset is recognized for temporary differences as well as unused tax losses and credits to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities where the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recorded on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Cash equivalents

Cash equivalents consist of highly liquid marketable investments with an original maturity date of 90 days or less from the date of acquisition and prepaid credit cards.

Accounts receivable

Accounts receivable consists primarily of receivables from customers for which Oryx Gaming provides services for during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****2 SIGNIFICANT ACCOUNTING POLICIES (continued)****Assets held for sale**

Non-current assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. To qualify as assets held for sale, the sale must be highly probable, assets must be available for immediate sale in their present condition and management must be committed to a plan to sell assets that should be expected to close within one year from the date of classification. Assets held for sale are recognized at the lower of their carrying amount and fair value less costs to sell and are not depreciated.

Property and equipment

Property and equipment are recognized and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including costs incurred to prepare the asset for its intended use and capitalized borrowing costs. The commencement date for capitalization of costs occurs when the Company first incurs expenditures for the qualifying assets and undertakes the required activities to prepare the assets for their intended use.

Borrowing costs directly attributable to the acquisition, construction or production of property and equipment, that necessarily take a substantial period of time to prepare for their intended use and a proportionate share of general borrowings, are capitalized to the cost of those assets, based on a quarterly weighted average cost of borrowing. All other borrowing costs are expensed as incurred and recognized in net interest expense and other financing charges.

The cost of replacing a component of property and equipment is recognized in the carrying amount if it is probable that the future economic benefits embodied within the component will flow to the Company and the cost can be measured reliably. The carrying amount of the replaced component is derecognized. The cost of repairs and maintenance of property and equipment is expensed as incurred and recognized in operating income.

Gains and losses on disposal of property and equipment are determined by comparing the fair value of proceeds from disposal with the net book value of the assets and are recognized net in operating income.

Property and equipment are depreciated on a straight-line basis over their estimated useful lives of 3 years to their estimated residual value when the assets are available for use. When significant parts of a property and equipment have different useful lives, they are accounted for as separate components and depreciated separately. Depreciation methods, useful lives and residual values are reviewed annually and are adjusted for prospectively, if appropriate.

Leases

Effective January 1, 2019, the Company adopted IFRS 16 *Leases* which replaces IAS 17 *Leases*. This standard brings most leases on the statement of financial position for lessees under a single model, eliminating the distinction between operating and financing leases and adding a requirement for the recognition of a right-of-use asset and a lease liability at the commencement of all leases except short-term leases and leases of low value assets for which the election has been applied.

In accordance with the transitional provisions, the Company adopted the standard applying the modified retrospective approach, with right-of-use assets being measured at the amount equal to the lease liability, adjusted for any amount of applicable prepaid or accrued lease payments recognized on the consolidated statement of financial position as at December 31, 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018

PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

For contracts entered into on or after January 1, 2019, the Company assesses whether a contract is, or contains, a lease. If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, then the contract may contain a lease. The Company assesses whether a contract conveys the right to control the use of an asset by performing the following tests:

- assess whether the contract involves the use of an identified asset and may be specified explicitly or implicitly. It should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a significant right to substitution, then the asset is not identified;
- assess whether the Company has the right to obtain substantially all of the economic benefits arising from the use of the asset throughout the period of use; and
- assess that the Company has the right to direct enjoyment of the asset. This right is identified when the Company has the decision-making rights in how and for what purpose the asset is used. In cases where the decision on how and for what purpose to use the asset has been predetermined, the Company has the right to direct the use of the asset if either it has the right to operate the asset, or the Company has designed the asset in a manner that predetermines how and for what purpose the asset will be used.

For contracts entered into prior to January 1, 2019, the Company had determined whether the arrangement contained a lease based on the following tests:

- assess whether fulfilment of the agreement was dependent on the use of specific assets; and
- assess whether the arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output;
 - circumstances indicated that it was unlikely that third parties would take more than an insignificant amount of the output, and the price per unit was not fixed per unit of output and not equal to the current market price per unit of output.
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The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of twelve months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In the comparative period, as a lessee, the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases were classified as operating leases and were not recognized in the Company's consolidated statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortized but is tested for impairment on an annual basis or more frequently if there are indicators that goodwill may be impaired as described in the Impairment of Non-Financial assets policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****2 SIGNIFICANT ACCOUNTING POLICIES (continued)****Intangible assets**

Intangible assets are measured at cost less any amortization and accumulated impairment losses. These intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangible assets may be impaired as described in the Impairment of Non-financial assets policy.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Intellectual property	8 years
Customer relationships	10 years
Brand	10 years
Gaming licences	over the term of the licence

The Company capitalizes the costs of intangible assets if and only if:

- it is probable that the expected future economic benefits attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Certain costs incurred in connection with the development of intellectual property relating to proprietary technology are capitalized to intangible assets as development costs. Intangible assets are recorded at cost, which consists of directly attributable costs necessary to create such intangible assets, less accumulated amortization and accumulated impairment losses, if any. The costs mainly include the salaries paid to the software developers and consulting fees.

These costs are recognized as development costs assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product;
- it can be demonstrated how the software product will generate future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the products are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

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Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the asset is then tested for impairment by comparing its recoverable amount to its carrying value. Goodwill is tested for impairment at least annually.

For the purpose of impairment testing, assets, including right-of-use assets, are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a cash generating unit ("CGU").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

Corporate assets, which include head office facilities and distribution centres, do not generate separate cash inflows. Corporate assets are tested for impairment at the minimum grouping of CGUs to which the corporate assets can be reasonably and consistently allocated. Goodwill arising from a business combination is tested for impairment at the minimum grouping of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU or CGU grouping is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows from the CGU or CGU grouping, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or CGU grouping. If the CGU or CGU grouping includes right-of-use assets in its carrying amount, the pre-tax discount rate reflects the risks associated with the exclusion of lease payments from the estimated future cash flows. The fair value less costs to sell is based on the best information available to reflect the amount that could be obtained from the disposal of the CGU or CGU grouping in an arm's length transaction between knowledgeable and willing parties, net of estimates of the costs of disposal.

An impairment loss is recognized if the carrying amount of a CGU or CGU grouping exceeds its recoverable amount. For asset impairments other than goodwill, the impairment loss reduces the carrying amounts of the non-financial assets in the CGU on a pro-rata basis, up to an asset's individual recoverable amount. Any loss identified from goodwill impairment testing is first applied to reduce the carrying amount of goodwill allocated to the CGU grouping, and then to reduce the carrying amounts of the other non-financial assets in the CGU or CGU grouping on a pro-rata basis.

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument. Upon initial recognition, financial instruments are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial instruments that are not classified as fair value through profit or loss.

- Classification and measurement

The classification and measurement approach for financial assets reflect the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on these categories: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit and loss ("FVTPL").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018

PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Company identifies changes in its business model in managing financial assets.

Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using valuation methodologies, primarily discounted cash flows taking into account external market inputs where possible.

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

The following table summarizes the classification and measurement of the Company's financial assets and liabilities:

Asset / Liability	Classification / Measurement
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Other assets	Amortized cost
Trade payables and other liabilities	Amortized cost
Long term debt	Amortized cost
Deferred consideration	FVTPL
Contingent consideration	FVTPL

- Valuation

The determination of the fair value of financial instruments is performed by the Company's treasury and financial reporting departments on a quarterly basis. There was no change in the valuation techniques applied to financial instruments during the current year.

The carrying amounts reported for cash and cash equivalents, accounts receivable, certain other assets, trade payables and other liabilities and deferred consideration approximate fair value because of the immediate short-term maturity of these financial instruments. The carrying value of long term debt and contingent consideration approximates the fair value based on rates currently available from financial institutions and various lenders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

Gains and losses on FVTPL financial assets and financial liabilities are recognized in net earnings in the period in which they are incurred. Settlement date accounting is used to account for the purchase and sale of financial assets. Gains or losses between the trade date and settlement date on FVTPL financial assets are recorded in net earnings.

- Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows and benefits from the financial asset expire, or if the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. The difference between the carrying amount of the financial asset and the sum of the consideration received and receivable is recognized in earnings before income taxes.

Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in earnings before income taxes.

- Impairment

The Company applies a forward-looking expected credit loss ("ECL") model at each reporting date to financial assets measured at amortized cost or those measured at FVOCI, except for investments in equity instruments. The ECL model outlines a three-stage approach to reflect the increase in credit risks of a financial instrument:

- Stage 1 is comprised of all financial instruments that have not had a significant increase in credit risks since initial recognition or that have low credit risk at the reporting date. The Company is required to recognize impairment for Stage 1 financial instruments based on the expected losses over the expected life of the instrument arising from loss events that could occur during the 12 months following the reporting date.
- Stage 2 is comprised of all financial instruments that have had a significant increase in credit risks since initial recognition but that do not have objective evidence of a credit loss event. For Stage 2 financial instruments the impairment is recognized based on the expected losses over the expected life of the instrument arising from loss events that could occur over the expected life. The Company is required to recognize a lifetime ECL for Stage 2 financial instruments.
- Stage 3 is comprised of all financial instruments that have objective evidence of impairment at the reporting date. The Company is required to recognize impairment based on a lifetime ECL for Stage 3 financial instruments. The ECL model applied to financial assets require judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. Consideration of how changes in economic factors affect ECLs are determined on a probability-weighted basis.

The carrying amount of the financial asset or group of financial assets are reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss is reversed. The impairment reversal is limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Foreign currency translation

The functional currency of the Company is the Canadian dollar, whilst its presentation currency is the Euro.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

The assets and liabilities of operations that have a functional currency different from that of the Company's reporting currency, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the foreign currency exchange rate in effect at the balance sheet date. The resulting foreign currency exchange gains or losses are recognized in the foreign currency translation adjustment as part of other comprehensive income. When such foreign operation is disposed of, the related foreign currency translation reserve is recognized in net earnings as part of the gain or loss on disposal.

Revenues and expenses of foreign operations are translated into Euros at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are transacted.

Short term employee benefits

Short term employee benefits include wages, salaries, compensated absences, and bonuses. Short term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided or capitalized if the service rendered is in connection with the creation of an intangible asset. A liability is recognized for the amount expected to be paid under short term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share based payments

The Company has stock option plans for directors, officers, employees and consultants. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over each tranche's vesting period, based on the number of awards expected to vest, with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly, with any impact being recognized immediately. When options are exercised, the amount received is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

Equity

Shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Contributed surplus includes amounts in connection with conversion options embedded in compound financial instruments, share based payments and the value of expired options and warrants. Deficit includes all current and prior period income and losses.

Warrants

The Company accounts for warrants using the Black-Scholes option pricing model at the date of issuance. If and when warrants ultimately expire, the applicable amounts are transferred to contributed surplus.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018

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2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Accounting Standards implemented in 2019****- IFRS 16 Leases**

In 2016, the IASB issued IFRS 16, *Leases* replacing IAS 17 and related interpretations. The standard introduces a single, on statement of financial position recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessees recognize a right-of-use asset representing its control of and right to use the underlying asset and a lease liability representing its obligation to make future lease payments. Lessor accounting remains similar to IAS 17.

IFRS 16 became effective for annual periods beginning on or after January 1, 2019. For leases where the Company is the lessee, it had the option of adopting a fully retrospective approach or a modified retrospective approach on transition to IFRS 16. The Company adopted the standard on January 1, 2019 using the modified retrospective approach. The Company applied the requirements of the standard retrospectively with the cumulative effects of initial application recorded in opening retained earnings as at January 1, 2019, and no restatement of the comparative period. Under the modified retrospective approach, the Company chose to measure all right-of-use assets retrospectively as if the standard had been applied since lease commencement dates using the Company's incremental borrowing rates at the date of initial application.

The impact of adopting IFRS 16 on the Company's consolidated statement of financial position as at January 1, 2019 was as follows:

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Presented in Euros (Thousands)

	As reported as at December 31, 2018	As reported as IFRS 16 Adjustments	As reported as at January 1, 2019
Right-of-use assets	-	1,159	1,159
Total Assets Impacted	-	1,159	1,159
Trade payables and other liabilities	7,982	(61)	7,921
Lease liabilities	-	273	273
Lease liabilities - non current	-	990	990
Total Liabilities Impacted	7,982	1,202	9,184
Deficit	(34,675)	(43)	(34,718)
Total Equity (Deficit)	(34,675)	(43)	(34,718)
Total Liabilities And Equity (Deficit) Impacted	(26,693)	1,159	(25,534)

- Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to IFRS 3, incorporated into Part I of the CPA Canada Handbook - Accounting by the Accounting Standards Board in December 2018. The amendments clarify the definition of a business, permitting a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

The amendments were effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 with earlier application permitted. Effective January 1, 2019, the Company adopted the amendments and assessed various asset purchase transactions entered into during the year to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The Company has determined the acquisition which took place in the prior period relating to the acquisition of Oryx Gaming, described in Note 4 continues to meet the definition of a business and therefore has been accounted as a business combination.

Based on the clarification related to the definition of a business the Company has determined the acquisition of WIN Gaming in April 2019, described in Note 5 meets the criteria to be classified as an asset acquisition.

Future Accounting Standards**- IFRS 17**

In 2017, the IASB issued IFRS 17, *Insurance Contracts* replacing IFRS 4. The standard introduces consistent accounting for all insurance contracts. The standard requires a company to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to these contracts.

Additionally, IFRS 17 requires an entity to recognize profits as it delivers insurance services, rather than when it receives premiums. The standard is effective for annual periods beginning on or after January 1, 2021 and is to be applied retrospectively. However, the IASB has proposed deferring the effective date to January 1, 2022. While early adoption is permitted, the Company does not intend to early adopt IFRS 17. The Company does not expect the standard to have an impact on its consolidated financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make estimates and judgments in applying the Company's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Within the context of these consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances.

Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that the Company believes could have the most significant impact on the amounts recognized in the consolidated financial statements. The Company's significant accounting policies are disclosed in note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****Impairment of non-financial assets (property and equipment, right-of-use assets, intangible assets and goodwill)****- Judgments made in relation to accounting policies applied**

Management is required to use judgment in determining the grouping of assets to identify their CGUs for the purposes of testing property and equipment, intangible assets and right-of-use assets for impairment. Judgment is further required to determine appropriate groupings of CGUs for the level at which goodwill and intangible assets are tested for impairment.

The Company has determined that B2B Online Gaming and Online Media are two separate CGUs for the purposes of property and equipment, intangible assets and right-of-use asset impairment testing. For the purpose of goodwill impairment testing, CGUs are grouped at the lowest level at which goodwill is monitored for internal management purposes. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed.

- Key sources of estimation

In determining the recoverable amount of a CGU or a group of CGUs, various estimates are employed. The Company determines fair value less costs to sell using such estimates as market rental rates for comparable properties, recoverable operating costs for leases with tenants, non-recoverable operating costs, discount rates, capitalization rates and terminal capitalization rates. The Company determines value in use by using estimates including projected future revenues, earnings and capital investment consistent with strategic plans presented to the Board. Discount rates are consistent with external industry information reflecting the risk associated with the specific cash flows.

Impairment of accounts receivable**- Judgments made in relation to accounting policies applied**

In each stage of the ECL impairment model, impairment is determined based on the probability of default, loss given default, and expected exposures at default. The application of the ECL model requires management to apply the following significant judgments, assumptions and estimations:

- movement of impairment measurement between the three stages of the ECL model, based on the assessment of the increase in credit risks on accounts receivables. The assessment of changes in credit risks includes qualitative and quantitative factors of the accounts, such as historical credit loss experience and external credit scores;
- thresholds for significant increase in credit risks based on changes in probability of default over the expected life of the instrument relative to initial recognition; and
- forecasts of future economic conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018

PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Leases****- Judgments made in relation to accounting policies applied**

Management exercises judgment in determining the appropriate lease term on a lease by lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds and past business practice and the length of time remaining before the option is exercisable. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the office rental industry may impact management's assessment of lease term, and any changes in management's estimate of lease terms may have a material impact on the Company's consolidated statements of financial position and consolidated statements of loss and comprehensive loss .

- Key sources of estimation

In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate using a base risk-free interest rate estimated by reference to the bond yield with an adjustment that reflects the Company's credit rating, the security, lease term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change due to changes in the business and macroeconomic environment.

Contingent consideration**- Judgments made in relation to accounting policies applied**

Management exercises judgment in determining the appropriate fair value of contingent consideration and considers all facts and circumstances relevant to the acquisition's future earnings upon which the liability is calculated. Any changes in the economic environment or operational activity of the acquisition may impact management's assessment of the liability and may have a material impact on the Company's consolidated statements of financial position and consolidated statements of loss and comprehensive loss .

- Key sources of estimation

In determining the fair value of contingent consideration, the Company is required to estimate the future earnings generated by the acquisition over an agreed period after the acquisition and apply defined and fixed rules in order to calculate the expected future payment. The Company determines fair value by using estimates including projected future earnings of the acquisition consistent with strategic plans presented to the Board. Discount rates are consistent with external industry information reflecting the risk associated with the specific cash flows.

Warrants and share options**- Judgments made in relation to accounting policies applied**

Management exercises judgment in determining the model used and the inputs therein to evaluate the value of share option grants and issued warrants. Management considers all facts and circumstances for each grant issuance on an individual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018

PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**- Key sources of estimation**

In determining the fair value of warrants and share options, the Company is required to estimate the future volatility of the market value of the Company's shares by reference to its historical volatility or comparable companies over the previous years, a risk-free interest rate estimated by reference to the Government of Canada bond yield, and a dividend yield of nil.

4 ACQUISITION OF ORYX GAMING

The Company completed the acquisition of Oryx Gaming International LLC together with its subsidiaries on December 20, 2018. The vendor is now part of the Company's key management, though was not at the time of the acquisition.

Fair value of goodwill

Fair value allocations of the purchase price paid are unchanged from that which was reported in the consolidated financial statements for the nine-month period ended December 31, 2018. The value of deferred consideration has been remeasured and reduced by EUR 462 due to the finalization of the working capital adjustment (compared with the estimated value ascribed to it by Oryx management prior to the transaction closing) which resulted in a corresponding reduction in goodwill as shown below.

	Balances as originally reported	Measurement period adjustment	Adjusted balances
Cash and cash equivalents	370	-	370
Accounts receivable	3,452	-	3,452
Prepaid expenses and other assets	157	-	157
Fixed assets	120	-	120
Intangible assets	14,856	-	14,856
Goodwill	20,400	(462)	19,938
Other assets	6	-	6
Trade payables and other liabilities	(4,350)	-	(4,350)
Long term debt	(370)	-	(370)
Deferred income taxes	(1,652)	-	(1,652)
Net Assets Acquired	32,989	(462)	32,527
Cash and cash equivalents	4,060	-	4,060
Deferred consideration	1,942	(462)	1,480
Contingent consideration	17,321	-	17,321
Equity	9,666	-	9,666
Consideration	32,989	(462)	32,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****4 ACQUISITION OF ORYX GAMING (continued)****Remeasurement of deferred and contingent consideration**

A loss on remeasurement of deferred and contingent consideration of EUR has been recognized in the consolidated statements of loss and comprehensive loss during the year. This is primarily due to the difference between actual and forecasted earnings before interest, tax, depreciation and amortization ("EBITDA") of Oryx Gaming in 2019, and a change in the forecasting of its 2020 EBITDA. Additionally, a loss on revaluation of deferred consideration was recognized on the deferred consideration paid due to movements in the Company's trading price.

Pro-forma revenues and net profit/(loss) for the comparative period

On a pro-forma basis, if the acquisition of Oryx had occurred on April 1, 2018 then Oryx would have generated revenue of EUR 15,482 and net profit of EUR 1,657 for the nine months ended December 31, 2018.

5 ACQUISITION OF WIN GAMING

The Company completed the acquisition of Win Gaming Ltd ("WIN") on April 30, 2019 whereby it acquired all of its equity in exchange for assuming liabilities of EUR 62 and cash consideration of EUR 66. The purpose of the acquisition was to acquire WIN's remote gaming licence issued by the Malta Gaming Authority.

The Company has applied IFRS 3 *Business Combinations* and assessed the transaction as an asset acquisition. The gaming licence asset acquisition has been recognised as an intangible asset with a fair value of EUR 128.

6 DISCONTINUED OPERATIONS

During the year, the Company decided to discontinue its online media business unit. The associated assets and liabilities within the disposal group are presented as held for sale and the associated net loss is presented as discontinued operations in the consolidated financial statements.

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6 DISCONTINUED OPERATIONS (continued)**Effect of reclassification on the primary consolidated financial statements****- Consolidated statements of financial position**

	As at 31 December	
	2019	2018
Accounts receivable	469	-
Prepaid expenses and other assets	20	-
Property and equipment	44	-
Right-of-use assets	522	-
Other assets	87	-
Assets held for sale	1,142	-
Trade payables and other liabilities	923	-
Deferred revenue	21	-
Lease liabilities	555	-
Liabilities held for sale	1,499	-

- Consolidated statements of loss and comprehensive loss

	2019	2018
Revenue	2,972	4,923
Cost of revenue	(1,300)	(2,518)
Gross Profit	1,672	2,405
Selling, general and administrative expenses	(2,881)	(4,707)
Impairment of goodwill and intangible assets	(201)	(6,784)
Operating Loss	(1,410)	(9,086)
Net interest expense and other financing charges	(156)	-
Loss Before Income Taxes	(1,566)	(9,086)
Income taxes	(5)	-
Net Loss	(1,571)	(9,086)
Culmulative translation adjustment	74	(199)
Net Comprehensive Loss	(1,497)	(9,285)

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6 DISCONTINUED OPERATIONS (continued)**- Consolidated statements of cash flows**

	2019	2018
Discontinued Operating Activities		
Net loss	(1,571)	(9,086)
Add:		
Net interest expense and other financing charges	156	-
Depreciation and amortization	254	308
Impairment of goodwill and intangible assets	201	6,784
Loss on disposal of equipment		8
Loss on sale of intangible assets	-	43
	(960)	(1,943)
Change in non-cash working capital	(216)	943
Cash Flows From Discontinued Operating Activities	(1,176)	(1,000)
Investing Activities		
Purchases of property and equipment	-	(47)
Proceeds from sale of equipment	16	23
Additions in intangible assets	(261)	(120)
Cash Flows Used In Investing Activities	(245)	(144)
Financing Activities		
Interest on lease liabilities	(93)	-
Repayment of lease liabilities	(129)	-
Interest and financing fees	(46)	-
Cash Flows Used In Financing Activities	(268)	-
Effect of currency translation	84	
Net Cash Flow From Discontinued Operations	(1,605)	(1,144)

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7 LOSS BEFORE INCOME TAXES CLASSIFIED BY NATURE

The loss before income taxes is classified as follows:

	2019	2018
Games and content	14,747	392
Software platform licensing	9,348	256
Turnkey and management services	1,522	72
Other revenue	975	47
Revenue	26,592	767
Third-party content	(14,562)	(416)
Gross Profit	12,030	351
Salaries and subcontractors	(8,056)	(88)
Share based payments	(1,647)	(2,302)
Total employee costs	(9,703)	(2,390)
- Capitalized as deferred development costs	1,222	-
Depreciation and amortization	(2,080)	(40)
IT and hosting	(1,177)	(30)
Professional fees	(825)	(60)
Corporate costs	(488)	(180)
Sales and marketing	(283)	-
Bad debt write off	(283)	-
Travel and entertainment	(455)	-
Transaction and acquisition costs	(166)	(2,017)
Other operational costs	(526)	(245)
Selling, General And Administrative Expenses	(14,764)	(4,962)
Loss on remeasurement of contingent consideration	(5,347)	-
Loss on settlement of debt	-	(151)
Operating Loss	(8,081)	(4,762)
Interest income	4	-
Accretion on liabilities	(1,717)	(1)
Interest and financing fees	(41)	-
Net Interest Expense And Other Financing Charges	(1,754)	(1)
Loss Before Income Taxes	(9,835)	(4,763)

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8 INCOME TAXES

The components of income taxes recognized in the consolidated statements of loss and comprehensive loss are as follows:

	2019	2018
Current period	643	2
Adjustment in respect of prior periods	10	-
Current Income Taxes	653	2
Current period	(112)	-
Deferred Income Taxes	(112)	-
Income Taxes	541	2

There is no income tax expense recognized in other comprehensive loss.

The effective income tax rates in the consolidated statements of earnings were reported at rates different than the combined Canadian federal and provincial statutory income tax rates for the following reasons:

	2019	2018
	%	%
Combined Canadian federal and provincial statutory income tax rate	26.5	26.5
Effect of tax rate in foreign jurisdictions	1.5	(0.7)
Impact of foreign currency translation	1.1	1.5
Non-deductible and non-taxable items	(8.3)	(14.7)
Share issue costs and financing costs	-	1.3
Remeasurement of contingent consideration	(14.2)	-
Accretion expense of contingent consideration	(4.5)	-
Change in tax benefits not recognized	(5.1)	(13.9)
Adjustments in respect of prior periods	(2.2)	-
Other	(0.3)	-
Effective Income Tax Rate Applicable To Loss Before Income Taxes	(5.5)	-

Deferred income tax liabilities recognized on the consolidated statements of financial position were attributable solely to acquired intangible assets (Note 4).

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8 INCOME TAXES (continued)

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2019	2018
Income tax losses - Canada	5,942	18,736
Income tax losses - United Kingdom	3	7,328
Deductible temporary differences	1,865	1,800
Total Unrecognized Deductible Temporary Differences	7,810	27,864

The portion of the income tax losses related to Canada which have a limited carry-forward period expire in the years 2026 to 2039 as follows:

2026	104
2027	195
2028	182
2029	94
2030	64
2031	64
2032	109
2033	72
2034	135
2035	135
2036	144
2037	298
2038	2,031
2039	2,315
	5,942

The United Kingdom losses are carried forward indefinitely unless subject to certain restrictions, and are now classified in the current year as discontinued operations as unrecognized deferred income tax assets. The deductible temporary differences do not expire under current income tax legislation. Deferred income tax assets were not recognized in respect of these items because it is not probable that future taxable income will be available to the Company to utilize the benefits.

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9 BASIC AND DILUTED LOSS PER SHARE

	2019	2018
Net loss from continuing operations	(10,376)	(4,765)
Net loss from discontinued operations	(1,571)	(9,086)
Net Loss	(11,947)	(13,851)
Weighted average number of shares	Millions 73.0	Millions 29.5
	EUR	EUR
Loss per share from continuing operations	(0.14)	(0.16)
Loss per share from discontinued operations	(0.02)	(0.31)
Loss per share	(0.16)	(0.47)

There is no difference between the basic and diluted loss per share as the effect of the stock options and warrants would be anti-dilutive.

10 CASH AND CASH EQUIVALENTS

As at December 31, 2019 and 2018, cash and cash equivalents comprised of cash held in banks, marketable investments with an original maturity date of 90 days or less from the date of acquisition, and prepaid credit cards.

11 ACCOUNTS RECEIVABLE

The following is an aging of the Company's accounts receivable:

	Note	2019	2018
Less than one month		5,452	3,366
Between two and three months		253	788
Greater than three months		1,416	1,718
		7,121	5,872
Provision for expected credit losses	16	(941)	(1,771)
Accounts Receivable		6,180	4,101

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11 ACCOUNTS RECEIVABLE (continued)

The following is a continuity of the Company's provision for expected credit losses related to accounts receivable:

As at March 31, 2018	221
Effect of movements in exchange rates	4
Net additional provision for the period	221
Acquired through business combination	<u>1,325</u>
As at December 31, 2018	1,771
Reclassified as assets held for sale	(442)
Bad debt written-off	(762)
Net additional provision for the year	283
Effect of movements in exchange rates	<u>91</u>
As at December 31, 2019	<u>941</u>

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12 INTANGIBLE ASSETS

The following is a continuity of the Company's cost, accumulated amortization and impairment losses of intangible assets:

		Deferred					
	Note	Intellectual Property	Development Costs	Customer Relationships	Brands	Other	Total
Cost							
As at March 31, 2018		1,636	361	-	-	69	2,066
Additions		-	111	-	-	9	120
Disposals		-	-	-	-	(55)	(55)
Impairment - discontinued operations		(1,662)	(473)	-	-	(23)	(2,158)
Acquired through business combination	15	8,596	-	4,903	1,357	-	14,856
Effect of movements in exchange rates		26	1	-	-	-	27
As at December 31, 2018		8,596	-	4,903	1,357	-	14,856
Additions		205	1,222	-	-	128	1,555
As at December 31, 2019		8,801	1,222	4,903	1,357	128	16,411
Accumulated Amortization							
As at March 31, 2018		318	15	-	-	15	348
Amortization - continuing operations		31	-	14	4	-	49
Amortization - discontinued operations		165	102	-	-	8	275
Disposals		-	-	-	-	(13)	(13)
Impairment - discontinued operations		(489)	(117)	-	-	(10)	(616)
Effect of movements in exchange rates		6	-	-	-	-	6
As at December 31, 2018		31	-	14	4	-	49
Amortization - continuing operations		1,088	76	490	136	11	1,801
As at December 31, 2019		1,119	76	504	140	11	1,850
Carrying Amount							
As at December 31, 2018		8,565	-	4,889	1,353	-	14,807
As at December 31, 2019		7,682	1,146	4,399	1,217	117	14,561

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13 GOODWILL

The following are continuities of the Company's goodwill:

	<u>Note</u>	
As at March 31, 2018		5,161
Effect of movements in exchange rates		81
Impairment - discontinued operations		(5,242)
Acquired through business combination	4	20,400
As at December 31, 2018		20,400
Working capital adjustment	4	(462)
As at December 31, 2019		19,938

The carrying amount of goodwill is attributed to the B2B Online Gaming CGU.

The Company completed its annual impairment tests for goodwill as at December 31, 2019 and concluded that there was no impairment.

Key Assumptions

The recoverable amount of the Company's B2B Online Gaming CGU was determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board and covering a five-year period and a n after-tax discount rate of 17.4% (pre-tax rate 23.7%) per annum. The cash flows beyond the five-year period have been extrapolated using a steady 3.0% per annum growth rate.

The cash flow projections used in estimating the recoverable amounts are generally consistent with results achieved historically adjusted for anticipated growth. The Company believes that any reasonably possible change in key assumptions on which the recoverable amounts were based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

14 TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities comprises:

	<u>2019</u>	<u>2018</u>
Trade payables	5,146	5,399
Accruals	2,048	1,448
Other	1,663	1,135
Trade Payables And Other Liabilities	8,857	7,982

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15 DEFERRED AND CONTINGENT CONSIDERATION

The following is a continuity of the Company's deferred and contingent consideration:

	<u>Note</u>	
As at March 31, 2018		-
Deferred consideration incurred on business combination	4	1,942
Contingent consideration incurred on business combination	4	<u>17,321</u>
As at December 31, 2018		19,263
Shares issued as settlement of deferred consideration	17	(1,236)
Cash paid on settlement of deferred consideration		(639)
Accretion expense		1,662
Loss on remeasurement of deferred and contingent consideration		5,347
Working capital adjustment	13	(462)
Other due from vendor		(356)
Effect of movements in exchange rates		<u>153</u>
As at December 31, 2019		<u>23,732</u>

Deferred and contingent consideration is disclosed on the consolidated statement of financial position as follows:

	<u>2019</u>	<u>2018</u>
Current liabilities	9,482	1,942
Non-current liabilities	<u>14,250</u>	<u>17,321</u>
Deferred And Contingent Consideration	<u>23,732</u>	<u>19,263</u>

16 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**Financial instruments**

The following table presents the fair values and fair value hierarchy of the Company's financial instruments.

	<u>2019</u>			<u>2018</u>		
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Financial assets						
Fair value through profit and loss:						
Cash and cash equivalents	682	-	682	5,480	-	5,480
Financial liabilities						
Fair value through profit and loss:						
Deferred and contingent consideration	-	14,250	14,250	1,942	17,321	19,263

There were no transfers between the levels of the fair value hierarchy during the periods.

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16 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

During year ended December 31, 2019, a loss of EUR 5,347 (nine months ended December 31, 2018: EUR nil) was recognized in operating loss on financial instruments designated as FVTPL. The fair value of the contingent consideration is determined using an Options pricing model with the following assumptions: stock price of EUR 3,644 – EUR 5,611; strike price of EUR 2,000 – EUR 3,000, expected life of 0.5 years, risk free rate of 0.78% and volatility of 50.0%. Some of the key estimates involved are budgeted EBITDA for fiscal 2020 and discount rate of 16.73%, which reflects the market rate of return. A change of five percentage in EBITDA will result in an increase or decrease in contingent consideration in the amount of EUR 1,700.

Financial risk management

As a result of holding and issuing financial instruments, the Company is exposed to certain risks. The following is a description of those risks and how the exposures are managed:

- Liquidity risk

Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash and cash equivalents in a cost-effective manner to fund its obligations as they come due. The Company would experience liquidity risks if it fails to maintain appropriate levels of cash and cash equivalents, is unable to access sources of funding or fails to appropriately diversify sources of funding. If any of these events were to occur, they could adversely affect the financial performance of the Company.

The following are the undiscounted contractual maturities of significant financial liabilities and the total contractual obligations of the Company as at December 31, 2019:

	2020	2021	2022	2023	Thereafter	Total
Trade payables and other liabilities	8,857					8,857
Lease liabilities	164	155	153	153	184	809
Deferred and contingent consideration	9,546	16,004	-	-	-	25,550

- Foreign currency exchange risk

The Company's consolidated financial statements are presented in EUR, however a portion of the Company's net assets and operations are denominated in other currencies, particularly the Canadian dollar. Such net assets are translated into EUR at the foreign currency exchange rate in effect at the reporting date, and operations at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are recognized. As a result, the Company is exposed to foreign currency translation gains and losses, which are recorded in accumulated other comprehensive income (loss).

The Company estimates that an appreciation of the EUR of 10% relative to other currencies would result in a nominal increase in earnings of EUR 632 in earnings before income taxes while a depreciating EUR will have the opposite impact.

The Company has no derivative instruments in the form of futures contracts and forward contracts to manage its current and anticipated exposure to fluctuations in EUR exchange rates.

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16 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**- Credit risk**

The Company is exposed to credit risk resulting from the possibility that counterparties could default on their financial obligations to the Company including cash and cash equivalents, other assets and accounts receivable. Failure to manage credit risk could adversely affect the financial performance of the Company.

The risk related to cash and cash equivalents is reduced by policies and guidelines that require that the Company enters into transactions only with counterparties or issuers that have a minimum long term “BBB” credit rating from a recognized credit rating agency.

The Company mitigates the risk of credit loss relating to accounts receivable by evaluating the creditworthiness of new customers and establishes a provision for expected credit losses. The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all accounts receivable. The expected credit loss provision is based on the Company’s historical collections and loss experience and incorporates forward-looking factors, where appropriate.

The provision matrix below shows the expected credit loss rate for each aging category of accounts receivable as at December 31, 2019:

	Note	Aging (months)			Total
		<1	1 - 3	>3	
Gross accounts receivable	11	5,452	253	1,416	7,121
Expected loss rate		1.69%	10.28%	58.12%	13.21%
Expected Loss Provision	11	92	26	823	941

The provision matrix below shows the expected credit loss rate for each aging category of accounts receivable as at December 31, 2018:

	Note	Aging (months)			Total
		<1	1 - 3	>3	
Gross accounts receivable	11	3,366	788	1,718	5,872
Expected loss rate		2.47%	8.38%	94.41%	30.16%
Expected Loss Provision	11	83	66	1,622	1,771

- Concentration risk

For the year ended December 31, 2019 three customers (nine months ended December 31, 2018: two customers) contributed more than 10% each to the Company’s revenues. Aggregate revenues from these customers totalled EUR 10,011 (nine months ended December 31, 2018: EUR 4,021).

As at December 31, 2019 two customers (2018: four customers) constituted more than 10% each to the Company’s accounts receivable. Balances owed by these customers totalled EUR 1,700 (2018: EUR 1,960).

The Company continues to expand its customer base to reduce the concentration risk.

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17 SHARE CAPITAL**Authorized - Unlimited common shares, fully paid**

The following is a continuity of the Company's share capital:

		Note	Number	Value
March 31, 2018	Balance		28,676,670	22,644
December 21, 2018	Issue of shares for acquisition of AAA, net of issue costs (<i>Note a</i>)		20,999,995	9,723
December 21, 2018	Issue of shares to Directors and Officers (<i>Note b</i>)		1,128,384	525
December 31, 2018	Balance		50,805,049	32,892
March 14, 2019	Conversion of special warrants	19	27,058,802	6,076
September 23, 2019	Shares issued in relation to deferred and contingent consideration	15	2,000,000	1,236
December 31, 2019	Balance		79,863,851	40,204

(a) in connection with the acquisition of Oryx Gaming detailed in Note 4, these common shares were issued to the shareholders of AAA.

(b) As part of the acquisition of Oryx Gaming certain Directors and Officers were entitled to a completion bonus as well as payments in lieu of notice periods for loss of office. It was agreed with that these debtors would be satisfied in common stock of the Company

18 SHARE BASED PAYMENTS

Share based payments during the year ended December 31, 2019 and nine months period ended December 31, 2018 are:

	Year ended 31 December 2019 EUR 000	Nine months ended 31 December 2018 EUR 000
Continuing operations	1,647	2,302
Share Based Payments	1,647	2,302

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18 SHARE BASED PAYMENTS (continued)**Fixed Stock Option Plan**

The Company maintains a Fixed Stock Option Plan ("FSO") for certain employees and consultants. Under the plan, the company may grant options for up to 10,766,893 of its shares. Exercises of grants are settled in cash.

The following is a continuity of the FSO:

	Outstanding Options (Number of shares)	Weighted Average Exercise Price / Share CAD
As at March 31, 2018	4,192,168	1.94
Granted	3,435,000	0.64
Forfeited / Cancelled	(1,035,000)	1.90
As at December 31, 2018	6,592,168	1.27
Granted	4,376,000	0.37
Expired	(50,000)	3.94
Forfeited / Cancelled	(3,462,403)	1.59
As at December 31, 2019	7,455,765	0.60

The following table summarizes information about the FSO's outstanding share options as at December 31, 2019:

	Outstanding			Exercisable	
	Options (Number of shares)	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price / Share CAD	Options (Number of shares)	Weighted Average Exercise Price / Share CAD
Range of exercise prices (CAD)					
0.23 - 0.50	3,103,575	5	0.29	844,242	0.46
0.51 - 0.56	3,366,667	4	0.56	1,116,667	0.56
0.57 - 4.50	985,523	7	1.72	548,856	1.94
	7,455,765	5	0.60	2,509,765	0.89

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18 SHARE BASED PAYMENTS (continued)

During year ended December 31, 2019, the FSO granted share options with a weighted average exercise price of CAD 0.37 per share (nine months ended December 31, 2018: CAD 0.64) and a fair value of EUR 716 (nine months ended December 31, 2018: EUR 1,505). The assumptions used to measure the grant date fair value of FSO options under the Black-Scholes valuation model were as follows:

	2019	2018
Expected dividend yield (%)	0.0	0.0
Expected share price volatility (%)	55.0 - 61.0	107.0 - 241.0
Risk-free interest rate (%)	1.4 - 2.5	2.0 - 2.3
Expected life of options (years)	4.5 - 5.0	5.0 - 10.0
Share price (CAD)	0.23 - 0.74	0.56 - 1.90
Forfeiture rate (%)	0.0	0.0

Deferred Share Unit Plan

The Company maintains a Deferred Share Unit Plan ("DSU") for certain employees and consultants. Under the plan, the company may grant options for up to 4,500,000 of its shares at nil cost that vest immediately. Exercises of grants may only be settled in shares, and only when the employee or consultant has left the Company.

The following is a continuity of the DSU:

	Outstanding Units (Number of of shares)
As at March 31, 2018	-
Granted	<u>1,450,000</u>
As at December 31, 2018	1,450,000
Granted	<u>2,630,000</u>
As at December 31, 2019	<u>4,080,000</u>

During the year ended December 31, 2019, the Company granted DSUs with a fair value of EUR 0.17 (nine months ended December 31, 2018: EUR 0.45).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018

PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

19 WARRANTS

The following are continuities of the Company's warrants:

Number Of Units	Note	Warrants	Special warrants	Special warrants - broker compensation options	Special warrants - compensation options
As at March 31, 2018		3,610,952	-	-	-
Issued		-	27,058,802	1,601,784	-
Expired		(2,854,702)	-	-	-
As at December 31, 2018		756,250	27,058,802	1,601,784	-
Expired		(756,250)	-	-	-
Deemed exercise of					
- special warrants to common share and Warrants	17	27,058,802	(27,058,802)	-	-
- special warrants - broker compensation options		-	-	(1,601,784)	1,601,784
As at December 31, 2019		27,058,802	-	-	1,601,784

Each unit consists of the following characteristics:

	Warrants	Special warrants	Special warrants - broker compensation options	Special warrants - compensation options
Number of shares	1	1	1	1
Number of Warrants		1	1	1
Exercise price of unit (CAD)	0.76	0.76	0.76	0.51

On March 14, 2019, the Special Warrants were converted to Warrants. This resulted in an issuance of 27,058,802 shares, an increase in share capital of EUR 6,076 and an increase in the fair value of warrants of EUR 1,565. The assumptions used to measure the fair value of the new Warrants under the Black-Scholes valuation model were as follows:

Expected dividend yield (%)	0.0
Expected share price volatility (%)	57.9
Risk-free interest rate (%)	2.5
Expected life of warrants (years)	2.0
Underlying share price	0.61

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

20 SUPPLEMENTARY CASH FLOW INFORMATION

Cash flows arising from movement in:	2019	2018
Accounts receivable	(2,921)	(3,259)
Prepaid expenses and other assets	(168)	(165)
Trade payables and other liabilities	2,429	6,428
Cash Flows From Changes In Non-Cash Working Capital	(660)	3,004

21 RELATED PARTY TRANSACTIONS

The Company's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions for those in the normal course of business. Transactions between the Company and its consolidated entities have been eliminated on consolidation and are not disclosed in this note.

Key Management Personnel

The Company's key management personnel is comprised of members of the Board and the executive team. Two key management employees are also shareholders in the Company. Transactions and balances between the Company and its key management personnel are as follows:

	2019	2018
Consolidated Statements Of Loss And Comprehensive Loss		
Revenue	33	-
Salaries, director fees and other short term employee benefits	1,194	507
Share based payments	1,036	1,797
Transaction and acquisition costs relating to termination	-	886
Loss on settlement of debt relating to termination	-	151
Total compensation	2,230	3,341
Loss on remeasurement of deferred and contingent consideration	5,347	-
Consolidated Statements Of Cash Flows		
Business acquisition, net of cash acquired	-	3,690
Deferred consideration payments	639	-
Consolidated Statements Of Financial Position		
Prepaid expenses and other assets	98	95
Trade payables and other liabilities	278	1,062
Current deferred and contingent consideration	9,482	1,942
Non-current deferred and contingent consideration	14,250	17,321

For details of share issues and share options held by key management personnel see Notes 17 and 18 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018

PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

22 SEGMENT INFORMATION**Operating**

The Company has one reportable operating segment in its continuing operations, B2B Online Gaming, and one in discontinued operations, the online media business unit.

The accounting policies of the reportable operating segments are the same as those described in the Company's summary of significant accounting policies (see note 2). The Company measures each reportable operating segment's performance based on adjusted EBITDA. No reportable operating segment is reliant on any single external customer.

Intersegment charges have been eliminated on consolidation.

Geography - Revenue

Revenue for continuing operations was generated from the following jurisdictions:

	2019	2018
Malta	14,758	430
Curaçao	4,106	115
Germany	3,739	138
Croatia	1,070	31
Serbia	486	15
Other	2,433	84
Revenue	26,592	767

This segmentation is not correlated to the geographical location of the Company's worldwide end-user base.

Geography - Non-Current Assets

Non-current assets are held in the following jurisdictions:

	2019	2018
United States	34,367	35,361
Other	1,176	142
Non-Current Assets	35,543	35,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED DECEMBER 31, 2019 AND NINE MONTHS ENDED DECEMBER 31, 2018****PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)****23 CONTINGENT LIABILITIES**

In the ordinary course of business, the Company is involved in and potentially subject to, legal actions and proceedings. In addition, the Company is subject to tax audits from various tax authorities on an ongoing basis. As a result, from time to time, tax authorities may disagree with the positions and conclusions taken by the Company in its tax filings or legislation could be amended or interpretations of current legislation could change, any of which events could lead to reassessments.

There are no known contingent liabilities of the Company not disclosed and there are no legal, administrative or other proceedings pending, or to the knowledge of the Board threatened, against the Company which would materially affect its financial condition.

24 SUBSEQUENT EVENTS**COVID-19**

In December 2019, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the national, provincial and municipal governments around the world regarding travel, business operations and isolation and quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company in the long term as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, quarantine and isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

However, the Company derives the majority of its revenue from online casino gaming. This sector has largely benefited from the various international "lock downs", requiring people to stay at home. As a result, such forms of entertainment have prevailed in a similar fashion to the various streaming businesses such as Netflix. Furthermore, the Company has limited exposure to sports betting revenues that have obviously been impacted by the lack of professional sports.

As at the time of release of these consolidated financial statements, the Company's financial performance, financial position and cash flow had not been adversely impacted. Management is of the opinion that any adverse effects to its ongoing operations will be immaterial during the remainder of 2020 and has decided no impairment of its goodwill is required as a result.

Sale of GIVEMESPORT business

On May 7, 2020, the Company sold almost all its discontinued operations for a total consideration of up to EUR 500 contingent on future revenue share.

Future financing

The Company has entered into an amending agreement with K.A.V.O. Holdings Limited, as vendor (the "Oryx Vendor"), and Matevž Mazij, pursuant to which, among other things, the earn-out payment otherwise due to the Oryx Vendor on June 30, 2020 has been extended to September 30, 2020. The Company has engaged Canaccord Genuity Corp. to, among other things, provide financial advisory services in connection with financing the earn-out payment due to the Oryx Vendor on September 30, 2020.