



BRAGG GAMING GROUP INC.

INTERIM UNAUDITED CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS

Three- and six-month periods ended June 30, 2020
and June 30, 2019

Presented in Euros (Thousands)

BRAGG GAMING GROUP INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note	2020	2019	2020	2019
Revenue	3	12,145	5,875	20,929	12,011
Cost of revenue		(7,035)	(3,325)	(11,852)	(6,489)
Gross Profit		5,110	2,550	9,077	5,522
Selling, general and administrative expenses	3	(4,129)	(4,275)	(8,208)	(7,383)
Loss on remeasurement of deferred and contingent consideration	3, 8	(219)	(3,248)	(5,187)	(3,248)
Operating Income (Loss)		762	(4,973)	(4,318)	(5,109)
Net interest expense and other financing charges	3	(884)	(9)	(945)	(17)
Loss Before Income Taxes	3	(122)	(4,982)	(5,263)	(5,126)
Income taxes	17	(498)	(39)	(741)	(79)
Net Loss from Continuing Operations		(620)	(5,021)	(6,004)	(5,205)
Net Income (Loss) from discontinued operations after tax	4	228	(677)	(88)	(1,179)
Net Loss		(392)	(5,698)	(6,092)	(6,384)
Cumulative translation adjustment - continuing operations		123	45	161	(58)
Cumulative translation adjustment - discontinued operations		(4)	54	(15)	55
Net Comprehensive Loss		(273)	(5,599)	(5,946)	(6,387)
Basic and Diluted Income (Loss) Per Share					
Continuing operations		(0.01)	(0.06)	(0.08)	(0.08)
Discontinued operations		0.00	(0.01)	(0.00)	(0.02)
		(0.00)	(0.07)	(0.08)	(0.10)
		Millions	Millions	Millions	Millions
Weighted average number of shares - basic and diluted		80.0	77.9	79.9	67.0

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

See accompanying notes to the interim unaudited condensed consolidated financial statements.

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

		As at June 30 2020	As at December 31 2019
	Note		
Cash and cash equivalents	10	2,487	682
Accounts receivable	11	4,271	5,927
Accrued income		4,166	253
Prepaid expenses and other assets		468	333
Consideration receivable	4	277	-
Assets held for sale	4	-	1,142
Total Current Assets		11,669	8,337
Property and equipment		175	163
Right-of-use assets		809	843
Consideration receivable	4	108	-
Intangible assets	9	14,066	14,561
Goodwill		19,938	19,938
Other assets		31	38
Total Assets		46,796	43,880
Trade payables and other liabilities	12	12,852	8,857
Income taxes payable		1,266	778
Lease liabilities		121	185
Deferred and contingent consideration	8	29,836	9,482
Liabilities held for sale	4	-	1,499
Total Current Liabilities		44,075	20,801
Deferred income taxes		1,483	1,539
Lease liabilities		662	674
Deferred and contingent consideration	8	-	14,250
Total Liabilities		46,220	37,264
Share capital	5	40,423	40,204
Warrants	6	1,565	1,565
Special warrants - compensation options	6	660	660
Contributed surplus		10,751	11,064
Deficit		(52,757)	(46,665)
Accumulated other comprehensive loss		(66)	(212)
Total Equity		576	6,616
Total Liabilities and Equity		46,796	43,880

Going Concern

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

BRAGG GAMING GROUP INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

PRESENTED IN EUROS (THOUSANDS, EXCEPT SHARE AMOUNTS)

	Note	Share capital	Warrants	Special warrants	Special warrants - broker compensation options	Special warrants - compensation options	Contributed surplus	Deficit	Accumulated other comprehensive loss	Total Equity
Balance as at January 1, 2019		32,892	579	7,641	660	-	8,838	(34,675)	(39)	15,896
Impact of adoption of IFRS 16		-	-	-	-	-	-	(43)	-	(43)
Conversion of special warrants	5, 6	6,076	1,565	(7,641)	-	-	-	-	-	-
Conversion of special warrants - broker compensation options	6	-	-	-	(660)	660	-	-	-	-
Expiry of warrants	6	-	(579)	-	-	-	579	-	-	-
Share-based compensation		-	-	-	-	-	1,107	-	-	1,107
Net loss for the period		-	-	-	-	-	-	(6,384)	-	(6,384)
Other comprehensive loss		-	-	-	-	-	-	-	(3)	(3)
Balance as at June 30, 2019		38,968	1,565	-	-	660	10,524	(41,102)	(42)	10,573
Balance as at January 1, 2020		40,204	1,565	-	-	660	11,064	(46,665)	(212)	6,616
Exercise of deferred stock units	5, 7	219	-	-	-	-	(219)	-	-	-
Share-based compensation		-	-	-	-	-	(94)	-	-	(94)
Net loss for the period		-	-	-	-	-	-	(6,092)	-	(6,092)
Other comprehensive income		-	-	-	-	-	-	-	146	146
Balance as at June 30, 2020		40,423	1,565	-	-	660	10,751	(52,757)	(66)	576

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

See accompanying notes to the interim unaudited condensed consolidated financial statements.

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

		Six Months Ended June 30,	
	Note	2020	2019
Operating Activities			
Net loss from continuing operations		(6,004)	(5,205)
Add:			
Net interest expense and other financing charges		945	17
Depreciation and amortization		1,451	1,028
Share based payments		(94)	1,107
Loss on remeasurement of deferred and contingent consideration		5,187	3,248
Deferred income tax recovery		(56)	-
		1,429	195
Change in non-cash working capital	16	1,218	(2,379)
Change in income taxes payable		488	(105)
Cash Flows From (Used In) Operating Activities		3,135	(2,289)
Investing Activities			
Purchases of property and equipment		(61)	(72)
Additions in intangible assets		(801)	(561)
Deferred consideration payments		-	(639)
Cash Flows Used in Investing Activities		(862)	(1,272)
Financing Activities			
Repayment of lease liability - interest		(8)	(10)
Repayment of lease liability - principle		(105)	(62)
Repayment of loans		-	(48)
Interest income		8	19
Interest and financing fees		(36)	-
Cash Flows Used in Financing Activities		(141)	(101)
Effect of foreign currency exchange rate changes on cash and cash equivalents		(73)	(249)
Net cash flow used in discontinued operations	4	(254)	(267)
Change in Cash and Cash Equivalents		1,805	(4,178)
Cash and cash equivalents at beginning of period		682	5,480
Cash and Cash Equivalents at end of period		2,487	1,302

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

**NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019
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 2018.

The registered and head office of the Company is located at 130 King Street West, Suite 1955, Toronto, Ontario, Canada M5X 1E3.

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.

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

During 2019, 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 interim unaudited condensed consolidated financial statements ("interim financial statements"). The Company completed the sale of its online media business unit on May 7, 2020 (Note 4).

Statement of compliance and basis of presentation

The accompanying interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The interim financial statements do not include all of the information required for annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019.

These interim financial statements were, at the recommendation of the audit committee, approved and authorized for issuance by the Company's Board of Directors on August 28, 2020.

The interim 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. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited consolidated financial statements for the year ended December 31, 2019.

Reclassification of comparative figures

During 2019, 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 interim financial statements are presented in Euros ("EUR") for the first time. Such interim financial statements for prior periods had been reported in Canadian dollars.

**NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

1 BASIS OF PRESENTATION AND GOING CONCERN (continued)

Going concern

The interim 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 interim financial statements. If the going concern assumption is not appropriate, material adjustments to the interim financial statements could be required.

As at June 30, 2020, the Company had current assets of EUR 11,669 (December 31, 2019: EUR 8,337) and current liabilities of EUR 44,075 (December 31, 2019: EUR 20,801). The Company has a cumulative deficit of EUR 52,757 (December 31, 2019: EUR 46,665). 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 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.

On May 13, 2020, the Company 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.

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 interim 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 fiscal 2020 and has determined no impairment of its goodwill is required.

**NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019
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2 SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited consolidated financial statements for the year ended December 31, 2019 and which are available at www.sedar.com. They were prepared using the same critical estimates and judgments in applying the accounting policies as those of the audited consolidated financial statements for the year ended December 31, 2019.

The presentation currency of the Company is the Euro, whilst the functional currencies are Euro, Canadian dollar and British pound sterling due to primary location of individual entities within the Group. The presentation currency of the Euro has been selected as it best represents the majority of the Company's economic inflows, outflows as well as its assets and liabilities.

The assets and liabilities of operations that have a functional currency different from that of the Company's reporting currency are translated into Euros at the foreign currency exchange rate in effect at the reporting date. The resulting foreign currency exchange gains or losses are recognized in the foreign currency translation adjustment as part of other comprehensive loss. When such foreign operations are 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.

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 Podpora D.o.o.	Slovenia	B2B support services	EUR
Oryx Razvojne-Storitve D.o.o.	Slovenia	Gaming solution developer	EUR
Poynt Inc.	Canada	Dormant	CAD
Unomobi Inc.	United States	Dormant	USD
Win Gaming Ltd.	Malta	Gaming licence holder	EUR

Consideration receivable

Consideration receivable consists cash receivables due as a result of the sale of discontinued operations. The fair value of the assets are determined by calculating the present value of expected consideration cashflows, applying the Company's discount rate.

**NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

3 LOSS BEFORE INCOME TAXES CLASSIFIED BY NATURE

The loss before income taxes is classified as follows:

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note	2020	2019	2020	2019
Games and content		7,078	3,228	12,128	6,546
Software platform licensing		4,319	2,135	7,397	4,287
Turnkey and management services		389	359	765	859
Other revenue		359	153	639	319
Revenue		12,145	5,875	20,929	12,011
Third-party content		(7,035)	(3,325)	(11,852)	(6,489)
Gross Profit		5,110	2,550	9,077	5,522
Salaries and subcontractors		(2,414)	(1,411)	(4,855)	(2,750)
Share based payments		145	(974)	94	(1,107)
Total employee costs		(2,269)	(2,385)	(4,761)	(3,857)
- Less capitalized as deferred development costs		365	223	690	509
Depreciation and amortization		(667)	(546)	(1,451)	(1,028)
IT and hosting		(351)	(237)	(671)	(523)
Professional fees		(272)	(825)	(514)	(1,434)
Corporate costs		(110)	(115)	(181)	(312)
Sales and marketing		(16)	(105)	(108)	(205)
Bad debt write off		(364)	(42)	(453)	(42)
Travel and entertainment		(13)	(195)	(121)	(305)
Transaction and acquisition costs		(307)	(17)	(344)	(17)
Other operational costs		(125)	(31)	(294)	(169)
Selling, General and Administrative Expenses		(4,129)	(4,275)	(8,208)	(7,383)
Loss on remeasurement of deferred and contingent consideration	8	(219)	(3,248)	(5,187)	(3,248)
Operating Income (Loss)		762	(4,973)	(4,318)	(5,109)
Interest income		-	-	8	-
Accretion on liabilities	8	(864)	(4)	(917)	(9)
Interest and financing fees		(20)	(5)	(36)	(8)
Net Interest Expense and Other Financing Charges		(884)	(9)	(945)	(17)
Loss Before Income Taxes		(122)	(4,982)	(5,263)	(5,126)

**NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

4 DISCONTINUED OPERATIONS

On May 7, 2020 the Company completed the sale of its GIVEMESPORT operation for cash consideration of GBP 50 (EUR 56) plus additional consideration equivalent to the net current assets disposed plus consideration receivable of 10% of GIVEMESPORT aggregate revenues for a period of twenty-one months from date of completion. As of June 30, 2020 consideration receivable has been recognised at a present value of EUR 385 of which EUR 277 is due within twelve months of the reporting date. EUR in relation to the net assets working capital adjustment is due within six months of the date of sale while the remainder of the consideration is settled in cash at three-month intervals from the date of sale.

Prior to disposal, during the six months to June 30, 2020, after comparing the carrying value of the assets and liabilities designated as held for sale to their recoverable value, no impairment was recognised. EUR 13 classified as liabilities held for sale were reclassified to trade payables and other liabilities as the Company no longer considers these liabilities to be part of a disposal group. As of June 30, 2020, the Company has not identified any assets or liabilities as held for sale.

Effect of reclassification on the interim unaudited condensed consolidated financial statements

Interim unaudited condensed consolidated statements of financial position

	As at June 30 2020	As at December 31 2019
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

Interim unaudited condensed consolidated statements of cash flows

	Six Months Ended June 30, 2020	2019
Net cash used in operating activities	(169)	(192)
Net cash used in investing activities	(19)	-
Net cash used in financing activities	(66)	(75)
Net cash flows for the period	(254)	(267)

NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)

4 DISCONTINUED OPERATIONS (CONTINUED)

Effect of reclassification on the interim unaudited condensed consolidated financial statements (continued)

Interim unaudited condensed consolidated statements of income (loss) and comprehensive income (loss)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue	81	682	559	1,462
Cost of revenue	36	(299)	(120)	(614)
Gross Profit	117	383	439	848
Selling, general and administrative expenses	(16)	(1,029)	(622)	(1,986)
Operating Profit (Loss)	101	(646)	(183)	(1,138)
Net interest expense and other financing charges	(9)	(9)	(41)	(19)
Loss on changes in fair-value of assets held for sale	-	(142)	-	(142)
Gain on disposal of discontinued operations	136	-	136	-
Income (Loss) Before Income Taxes	228	(797)	(88)	(1,299)
Income taxes	-	120	-	120
Net Income (Loss)	228	(677)	(88)	(1,179)
Cumulative translation adjustment	(4)	54	(15)	55
Net Comprehensive Income (Loss)	224	(623)	(103)	(1,124)

**NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

4 DISCONTINUED OPERATIONS (CONTINUED)

Disposal of discontinued operation

Cash consideration received	56
Net assets working capital adjustment	127
Consideration receivable - current	150
Consideration receivable - non-current	108
Total net consideration	441

Net assets disposed of:

Accounts receivable	170
Prepaid expenses and other assets	107
Cash and cash equivalents	118
Property and equipment	34
Right-of-use assets	431
Trade payables and other liabilities	(249)
Deferred revenue	(20)
Lease liabilities	(546)
Total net assets disposed	45

Disposal costs	(75)
Cumulative foreign exchange losses realised on disposal	(185)
Gain on disposal of discontinued operation	136

5 SHARE CAPITAL

Authorized - Unlimited common shares, fully paid

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

		Note	Number	Value
January 1, 2019	Balance		50,805,049	32,892
March 14, 2019	Conversion of special warrants	6	27,058,802	6,076
June 30, 2019	Balance		77,863,851	38,968
January 1, 2020	Balance		79,863,851	40,204
June 2, 2020	Issuance of share capital upon exercise of DSUs	7	500,000	219
June 30, 2020	Balance		80,363,851	40,423

**NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

6 WARRANTS

The following are continuities of the Company's warrants:

Number Of Units	Warrants	Special warrants	Special	Special
			warrants - broker compensation options	warrants - compensation options
January 1, 2019 Balance	756,250	27,058,802	1,601,784	-
Deemed exercise of				
March 14, 2019 - special warrants to common share and Warrants	27,058,802	(27,058,802)	-	-
March 14, 2019 - special warrants - broker compensation options	-	-	(1,601,784)	1,601,784
April 11, 2019 - expiry	(756,250)	-	-	-
June 30, 2019 Balance	27,058,802	-	-	1,601,784
January 1, 2020 and				
June 30, 2020 Balance	27,058,802	-	-	1,601,784

Each unit consists of the following characteristics:

	Warrants	Special warrants	Special warrants -	Special warrants -
			broker compensation options	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 (Note 5) and an increase in the fair value of warrants of EUR 1,565.

**NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND JUNE 30, 2019
PRESENTED IN EUROS (THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

7 SHARE BASED PAYMENTS

The following is a continuity of the FSO and DSU plans:

	DSU	FSO	
	Outstanding DSU Units (Number of of shares)	Outstanding FSO Options (Number of shares)	Weighted Average Exercise Price / Share CAD
As at January 1, 2019	1,450,000	6,592,168	1.27
Granted	100,000	1,500,000	0.71
Forfeited / Cancelled	-	(1,656,570)	1.90
As at June 30, 2019	1,550,000	6,435,598	0.98
As at January 1, 2020	4,080,000	7,455,765	0.60
Granted	-	700,000	0.30
Exercised	(500,000)	-	-
Expired	-	(7,500)	4.49
Forfeited / Cancelled	-	(976,791)	1.12
As at June 30, 2020	3,580,000	7,171,474	0.50

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.

During six months ended June 30, 2020, the Company granted share options with a weighted average exercise price of CAD 0.30 per share (six months ended June 30, 2019: CAD 0.71) and a fair value of EUR 75 (six months ended June 30, 2019: EUR 307).

The value of the options were determined by application of the Black-Scholes model. For the issuance of 700,000 fixed stock options in the three and six months to June 30, 2020 the following assumptions were used - expected life of 5 years, annualised volatility of 67%, dividend yield of nil and discount rate of 0.36% resulting in a call value of CAD 0.16 per option.

For the issuance of 1,000,000 fixed stock options in the six months to June 30, 2020 the following assumptions were used – expected life of 5 years, annualised volatility of 60%, dividend yield of nil and discount rate of 2.40% resulting in a call value of CAD 0.29 per option. For the issuance of 500,000 fixed stock options in the six months to June 30, 2020 the following assumptions were used – expected life of 5 years, annualised volatility of 59%, dividend yield of nil and discount rate of 2.46% resulting in a call value of CAD 0.33 per option. There was no issuance of fixed stock options in the three months to June 30, 2020.

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7 SHARE BASED PAYMENTS (CONTINUED)

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.

During the six months ended June 30, 2020 500,000 DSUs were exercised in exchange for 500,000 common shares of the Company (six months ended June 30, 2019: nil).

8 DEFERRED AND CONTINGENT CONSIDERATION

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

As at January 1, 2019	19,263
Shares issued as settlement of deferred consideration	(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	(462)
Other due from vendor	(356)
Effect of movements in exchange rates	153
As at December 31, 2019	23,732
Accretion expense	917
Loss on remeasurement of deferred and contingent consideration	5,187
As at June 30, 2020	29,836

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

	As at June 30 2020	As at December 31 2019
Current liabilities	29,836	9,482
Non-current liabilities	-	14,250
Deferred and Contingent Consideration	29,836	23,732

On May 13, 2020, the Company has entered into an amending agreement with K.A.V.O. Holdings Limited, as vendor (the "Oryx Vendor"), and Matevž Mazij, whereby the earn-out payment otherwise due to the Oryx Vendor on June 30, 2020 has been extended to September 30, 2020. All contingent liabilities are due to be settled in full to the Oryx Vendor by June 30, 2021.

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9 INTANGIBLE ASSETS

	Intellectual Property	Deferred Development Costs	Customer Relationships	Brands	Other	Total
Cost						
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
Additions	85	690	-	-	26	801
As at June 30, 2020	8,886	1,912	4,903	1,357	154	17,212
Accumulated Amortization						
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
Amortization - continuing operations	578	393	245	68	12	1,296
As at June 30, 2020	1,697	469	749	208	23	3,146
Carrying Amount						
As at December 31, 2019	7,682	1,146	4,399	1,217	117	14,561
As at June 30, 2020	7,189	1,443	4,154	1,149	131	14,066

During the three months and six months to June 30, 2020 an amortization charge of EUR 588 and EUR 1,296 respectively, within continuing operations was recognised (three months and six months to June 30, 2019: EUR 472 and EUR 915, respectively).

10 CASH AND CASH EQUIVALENTS

As at June 30, 2020 and December 31, 2019, 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.

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11 ACCOUNTS RECEIVABLE

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

	As at June 30 2020	As at December 31 2019
Less than one month	2,851	5,199
Between two and three months	1,257	253
Greater than three months	1,557	1,416
	5,665	6,868
Provision for expected credit losses	(1,394)	(941)
Accounts Receivable	4,271	5,927

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

As at December 31, 2018	1,771
Reclassified as assets held for sale	(442)
Bad debt written-off	(762)
Net additional provision for doubtful debts	283
Effect of movements in exchange rates	91
As at December 31, 2019	941
Net additional provision for doubtful debts	453
As at June 30, 2020	1,394

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12 TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities comprises:

	As at June 30 2020	As at December 31 2019
Trade payables	4,756	5,146
Accrued liabilities	6,392	2,048
Other liabilities	1,704	1,663
Trade Payables and Other Liabilities	12,852	8,857

13 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 are 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:

- Total compensation for salaries, director fees, share-based payments and short-term employee benefits for the three months to June 30, 2020 totalled EUR 536 (three months to June 30, 2019: EUR 254) and six months to June 30, 2020 totalled EUR 974 (six months to June 30, 2019: EUR 508).
- Loss on remeasurement of deferred and contingent consideration for the three months to June 30, 2020 totalled EUR 219 (three months to June 30, 2019: EUR 3,248) and six months to June 30, 2020 totalled EUR 5,187 (six months to June 30, 2019: loss EUR 3,248)
- During the three and six months to June 30, 2020 nil payments were made for deferred consideration (three and six month to June 30, 2019: EUR 639)
- As at June 30, 2020 EUR 99 of prepaid expenses and other assets was receivable (December 31, 2019: EUR 98)
- As at June 30, 2020 EUR 260 of trade payables and other liabilities was due (December 31, 2019: EUR 278)
- As at June 30, 2020 EUR 29,836 of deferred and contingent consideration (note 8) was payable (December 31, 2019: EUR 23,732)

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14 FINANCIAL INSTRUMENTS

The financial instruments measured at amortised cost are summarised below:

Financial Assets

	Financial assets as subsequently measured at amortised cost	
	June 30	December 31
	2020	2019
Accounts receivable	4,271	5,927
Accrued income	4,166	253
	8,437	6,180

Financial Liabilities

	Financial liabilities as subsequently measured at amortised cost	
	June 30	December 31
	2020	2019
Trade payables	4,756	5,146
Accrued liabilities	6,392	2,048
Other liabilities	1,704	1,663
	12,852	8,857

The carrying values of the financial instruments approximate their fair values.

Fair Value Hierarchy

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

	June 30, 2020			December 31, 2019		
	Level 1	Level 3	Total	Level 1	Level 3	Total
Financial assets						
Fair value through profit and loss:						
Cash and cash equivalents	2,487	-	2,487	682	-	682
Consideration receivable	-	385	385	-	-	-
Financial liabilities						
Fair value through profit and loss:						
Deferred and contingent consideration	-	29,836	29,836	-	23,732	23,732

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

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14 FINANCIAL INSTRUMENTS (CONTINUED)

During three months and six months ended June 30, 2020, a loss of EUR 219 and EUR 5,187, respectively (three and six months ended June 30, 2019: EUR 3,248), was recognized in operating income (loss) on financial instruments designated as FVTPL (note 8). A key estimate involved is forecasted EBITDA for fiscal 2020.

The fair value of the first contingent consideration payment was determined by using the 2019 fiscal year earn out as agreed in the amendment to the share purchase agreement signed on the May 13, 2020 in which the minimum amount payable is EUR 10,020. For fiscal year 2020 the contingent consideration was determined by applying the Black-Scholes model with forecasted EBITDA of EUR 7.6m, strike price of EUR 3.0m, expected life of 0.25 years, risk free rate of 0.62% and volatility of 75%. A discount rate of 16.58% was applied which reflects the market rate of return. A change of five percentage points in EBITDA will result in an increase or decrease in contingent consideration in the amount of EUR 1,100.

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

The following are the undiscounted contractual maturities of significant financial liabilities and the total contractual obligations of the Company as at June 30, 2020:

	2020	2021	2022	2023	Thereafter	Total
Trade payables and other liabilities	12,852	-	-	-	-	12,852
Lease liabilities	86	160	157	157	210	770
Deferred and contingent consideration	9,946	20,840	-	-	-	30,786

Foreign currency exchange risk

The Company's interim 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 loss.

The Company estimates that an appreciation of the EUR of 10% relative to other currencies would result in a nominal increase in of EUR 66 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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14 FINANCIAL INSTRUMENTS (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 June 30, 2020:

	Note	Aging (months)			Total
		<1	1 - 3	>3	
Gross accounts receivable	11	2,851	1,257	1,557	5,665
Expected loss rate		1.26%	11.06%	78.29%	24.61%
Expected Loss Provision	11	36	139	1,219	1,394

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	5,199	253	1,416	6,868
Expected loss rate		1.77%	10.28%	58.12%	13.70%
Expected Loss Provision	11	92	26	823	941

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14 FINANCIAL INSTRUMENTS (CONTINUED)

Concentration risk

For the three months ended June 30, 2020 one customer (three months ended June 30, 2019: three customers) contributed more than 10% each to the Company's revenues. Aggregate revenues from this customer totalled EUR 1,712 (three months ended June 30, 2019: EUR 2,881).

For the six months ended June 30, 2020 one customer (six months ended June 30, 2019: three customers) contributed more than 10% each to the Company's revenues. Aggregate revenues from this customer totalled EUR 2,816 (six months ended June 30, 2019: EUR 6,027).

As at June 30, 2020 one customer (December 31, 2019: two customers) constituted more than 10% each to the Company's accounts receivable. Balances owed by this customer totalled EUR 1,127 (December 31, 2019: EUR 1,700). The Company continues to expand its customer base to reduce the concentration risk.

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15 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Malta	8,492	3,288	14,428	6,620
Curaçao	2,488	1,026	4,230	1,992
Germany	84	926	129	2,006
Croatia	363	203	649	465
Other	718	432	1,493	928
Revenue	12,145	5,875	20,929	12,011

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:

	As at June 30 2020	As at December 31 2019
United States	33,881	34,367
Other	1,246	1,176
Non-Current Assets	35,127	35,543

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16 SUPPLEMENTARY CASHFLOW INFORMATION

Cash flows arising from changes in non-cash working capital:

Cash flows arising from movement in:	Six Months Ended June 30,	
	2020	2019
Accounts receivable	1,656	2,056
Accrued income	(3,913)	(1,832)
Prepaid expenses and other assets	(135)	25
Consideration receivable	(385)	-
Trade payables and other liabilities	3,995	(2,628)
Changes in Non-Cash Working Capital	1,218	(2,379)

17 INCOME TAXES

Income tax expense is recognised based on management's estimate of the weighted average effective income tax rate expected for the full financial year to December 31, 2020. The estimated average annual tax rate used for six months ended June 30, 2020 is 14.1%, compared to 1.5% for the six months ended June 30, 2019. The lower tax rate in the six months to June 30, 2019 was the result of the utilisation of unrecognised carried forward losses. Management expects less unrecognised carried forward losses to be available for utilisation in the full financial year to December 31, 2020.

18 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.