



INTEGRITY GAMING CORP.

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Integrity Gaming Corp. Announces 2018 Second Quarter Financial Results

Vancouver, BC, August 22, 2018 – INTEGRITY GAMING CORP. (TSX-V: IGAM) (OTCQX: IGAMF) (“Integrity” or the “Company”) today announces financial results for the second quarter ended June 30, 2018 (all amounts stated in U.S. dollars unless otherwise indicated).

Second Quarter 2018 Highlights & Financial Results

- 2.1% increase in revenue to \$4.34 million in Q2 2018 from \$4.25 million in Q2 2017.
- 4.4% increase in revenue to \$8.78 million for the first 6 months of 2018 from \$8.41 million for the first 6 months of 2017.
- 3.7% decrease in Adjusted EBITDA to \$2.25 million in Q2 2018, compared to \$2.34 million in Q2 2017.
- Net loss of \$1.61 million for Q2 2018, compared to a net loss of \$1.38 million in Q2 2017.
- Operating cash flow before changes in current non-cash working capital of 1.33 million for the first 6 months of 2018, compared to \$1.94 million for the first 6 months of 2017.
- At quarter end, Integrity held participating interests in approximately 2,770 revenue generating machines, compared to 2,562 at June 30, 2017.
- Signed an exclusive distribution agreement with Free Slot Games of Las Vegas (“**FSGoLV**”) for the sale, marketing and distribution of FSGoLV social gaming products in Oklahoma.

“Despite the seasonal downturn that we typically experience in the second quarter, we continue to carry out our strategy of increasing placements of machines in tribal casinos and we continue to look for opportunities to expand our presence into new markets. In 2018, we increased our machine base by 136 machines, or 5%,” said Robert Miodunski, Interim CEO of Integrity.

About Integrity Gaming Corp.

Formerly Poydras Gaming Finance Corp., Integrity Gaming Corp. is a regional slot route operator with over 2,700 gaming machines in operation across over 30 casinos in Oklahoma and Texas. The Company primarily derives its revenue from short- and long-term revenue share contracts with Native American casinos. It provides gaming equipment such as slot machines and electronic table games, and project financing to owners, operators, and managers of casinos and other regulated gaming venues. The Company works with casinos, new casino developments, and gaming machine suppliers. Additional information about the Company can be found on the Company’s website at www.integritygaming.com and on the SEDAR website at www.sedar.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Selected operating and financial information and reconciliation of net income (loss) to Adjusted EBITDA is as follows:

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Average number of machines	2,729	2,701	2,622	2,529	2,583	2,650
Leasing Payments *	3,964,593	4,276,700	3,781,240	3,833,128	3,922,972	4,058,507
Reported Revenue	4,338,416	4,443,280	4,062,627	3,898,110	4,250,547	4,157,374
COGS: Casino supplies and equipment	(924,106)	(633,979)	(320,786)	(428,829)	(428,595)	(354,373)
Operating expenses	(2,236,190)	(2,252,720)	(2,317,861)	(2,474,213)	(2,335,795)	(2,268,483)
General and administrative expenses	(1,667,662)	(1,439,193)	(1,372,907)	(1,554,085)	(1,546,981)	(1,490,607)
Amortization of intangible assets	(199,576)	(198,775)	(200,375)	(200,642)	(199,576)	(198,775)
Gain (loss) on disposal of assets	17,056	-	-	990	23,200	64,500
Loss from operations	(672,062)	(81,387)	(149,302)	(758,669)	(237,200)	(90,364)
Financing costs	(976,244)	(932,950)	(3,882,101)	(1,163,893)	(1,145,358)	(1,140,346)
Foreign exchange gain (loss)	1,047	1,897	(299)	(1,948)	196	(8,466)
Gain on disposal of BitBoss IP license	-	-	-	-	-	43,712
Gain on sale of Bingo	-	-	139,032	-	-	-
Gain on settlement of debt	-	-	194	580	(224)	28,380
Revaluation of exit fee liability	43,248	105,464	-	-	-	-
Income tax recovery (expense)	(10,000)	(10,000)	(3,307)	(98,199)	-	-
Net Income (loss)	(1,614,011)	(916,976)	(3,895,783)	(2,022,129)	(1,382,586)	(1,167,084)
Adjustments:						
Depreciation of equipment	1,254,083	1,277,063	1,321,685	1,599,168	1,525,644	1,390,548
Amortization of placement fees	435,372	441,393	441,393	424,863	449,658	449,658
Amortization of intangible assets	199,576	198,775	200,375	200,642	199,576	198,775
Income tax expense (recovery)	10,000	10,000	3,307	98,199	-	-
Finance lease receivable reduction	653,287	525,263	204,521	538,231	308,392	467,486
Financing costs	976,244	932,950	3,882,101	1,163,893	1,145,358	1,140,346
Foreign exchange (gain) loss	(1,047)	(1,897)	299	1,948	(196)	8,466
Gain on settlement of debt	-	-	(194)	(580)	224	(28,380)
Loss (gain) on disposal of assets	(17,056)	-	-	(990)	(23,200)	(64,500)
Gain on disposal of BitBoss IP license	-	-	-	-	-	(43,712)
Gain on disposal of Bingo	-	-	(139,032)	-	-	-
Revaluation of exit fee liability	(43,248)	(105,464)	-	-	-	-
Stock based compensation	116,686	56,627	89,024	92,691	116,416	92,919
Employee separation fees	284,000	-	-	290,000	-	-
Adjusted EBITDA	2,253,886	2,417,734	2,107,696	2,385,936	2,339,286	2,444,522

* Leasing Payments consist of leasing revenue reported under IFRS plus finance lease receivable reduction reported in the statement of financial position.

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Cautionary Note Regarding Forward-Looking Statements

Certain information in this news release is considered forward-looking within the meaning of certain securities laws and is subject to important risks, uncertainties and assumptions. This forward-looking information includes, among other things, information with respect to the Company's beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "suspect", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "plan", "target" and similar words and expressions are used to identify forward-looking information. The forward-looking information in this news release, including those statements relating to expected EBITDA, and the placement of additional machines by the Company, describes the Company's expectations as of the date of this news release.

The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. Material factors which could cause actual results or events to differ materially from such forward-looking information include, among others, risks arising from general economic conditions and adverse industry events.

The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS NEWS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME.

Non-IFRS Measures

Adjusted EBITDA is a financial measure that does not have a standardized meaning under IFRS. Adjusted EBITDA is defined as earnings before financing costs, income taxes, depreciation, amortization, stock based compensation, unrealized foreign exchange, impairment of loans receivable, impairment of placement fees, gain/loss on settlement of debt, gain/loss on disposal of assets, gain on sale of Bingo, gain/loss on disposal of BitBoss, finance lease receivable reduction, revaluation adjustment of earn-out liability, revaluation of exit fee liability, employee separation fees and non-recurring costs.

As there is no standardized method of calculating Adjusted EBITDA, it may not be directly comparable with similarly titled measures used by other companies. The Company considers Adjusted EBITDA to be a relevant indicator for measuring trends in performance and its ability to generate funds to service its debt and to meet its future working capital and capital expenditure requirements. Adjusted EBITDA is not a generally accepted earnings measure and should not be considered in isolation or as an alternative to net income (loss), cash flows or other measures of performance prepared in accordance with IFRS.