

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2020**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-36530**

**Touchpoint Group Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation or organization)

**46-3561419**

(I.R.S. Employer  
Identification No.)

**4300 Biscayne Blvd, Suite 203, Miami, Florida**

(Address of principal executive offices)

**33137**

(Zip Code)

**(305) 420-6640**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| N/A                 | N/A               | N/A                                       |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                                     |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/>            |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of June 29, 2020, 34,987,393 shares of the registrant's common stock, par value \$0.0001 per share, were outstanding.

## EXPLANATORY NOTE

As previously disclosed in the Current Report on Form 8-K filed by Touchpoint Group Holdings, Inc. (the “Company”) with the Securities and Exchange Commission (the “SEC”) on May 12, 2020, the Company’s operations and business have experienced disruptions due to the unprecedented conditions surrounding the COVID-19 pandemic spreading throughout the United States and the world. These disruptions include, but are not limited to: office closures and the unavailability of key Company personnel required to prepare the Company’s financial statements for the period ended March 31, 2020 due to suggested, and mandated, illness, social quarantining and work from home orders. The Company was delayed in preparing and filing its Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the “March 2020 Quarterly Report”) by its May 15, 2020 due date due to delays in obtaining information from third parties who have similarly been unavailable and/or have not had sufficient time to complete the items requested. The Company relied on the SEC’s *Order Under Section 36 of the Securities Exchange Act of 1934 Modifying Exemptions From the Reporting and Proxy Delivery Requirements for Public Companies*, dated March 25, 2020 (Release No. 34-88465), to delay the filing of the March 2020 Quarterly Report.

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## CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

The statements made in this Report, and in other materials that the Company has filed or may file with the Securities and Exchange Commission (the “SEC”), in each case that are not historical facts, contain “forward-looking information” within the meaning of the Private Securities Litigation Reform Act of 1995, and Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, which can be identified by the use of forward-looking terminology such as “may,” “will,” “anticipates,” “expects,” “projects,” “estimates,” “believes,” “seeks,” “could,” “should,” or “continue,” the negative thereof, and other variations or comparable terminology as well as any statements regarding the evaluation of strategic alternatives. These forward-looking statements are based on the current plans and expectations of management, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. These risks include, but are not limited to, risks and uncertainties relating to our current cash position and our need to raise additional capital in order to be able to continue to fund our operations; our ability to retain our managerial personnel and to attract additional personnel; competition; our ability to protect intellectual property rights, and any and other factors, including the risk factors identified in the documents we have filed, or will file, with the SEC.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this report or in any document incorporated herein by reference might not occur. Investors are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the respective dates of this report or the date of the document incorporated by reference in this report. We expressly disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by federal securities laws.

These and other matters the Company discusses in this Report, or in the documents it incorporates by reference into this Report, may cause actual results to differ from those the Company describes. The Company assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

PART I – FINANCIAL INFORMATION

TOUCHPOINT GROUP HOLDINGS, INC.  
Condensed Consolidated Balance Sheets  
March 31, 2020 and December 31, 2019  
(in thousands, except share data)

|   | March 31,<br>2020<br>(unaudited) | December 31,<br>2019   |
|---|----------------------------------|------------------------|
| <b>Assets</b>   |                                  |                        |
| <b>Current assets:</b>  |                                  |                        |
| Cash  | \$ 11                            | \$ 258                 |
| Accounts receivable, net  | 120                              | 80                     |
| Prepaid compensation  | 550                              | 550                    |
| Other receivable  | 233                              | -                      |
| Advances to acquisition target  | 210                              | 210                    |
| Other current assets  | 78                               | 88                     |
|   | <u>1,202</u>                     | <u>1,186</u>           |
| Current assets of discontinued operations   | 1                                | 29                     |
| <b>Total current assets</b>   | <u><u>1,203</u></u>              | <u><u>1,215</u></u>    |
| Other receivable  | 250                              | 250                    |
| Intangible assets, net  | 1,840                            | 1,992                  |
| Goodwill  | 419                              | 419                    |
| Prepaid compensation, net of current portion  | 779                              | 917                    |
| Non current assets of discontinued operations   | 5                                | 34                     |
| <b>Total assets</b>   | <u><u>\$ 4,496</u></u>           | <u><u>\$ 4,827</u></u> |
| <b>Liabilities, Temporary Equity and Stockholders' Equity</b>   |                                  |                        |
| <b>Current liabilities:</b>   |                                  |                        |
| Accounts payable  | \$ 572                           | \$ 387                 |
| Accrued expenses  | 205                              | 200                    |
| Accrued compensation  | 469                              | 531                    |
| Amounts due to related parties  | 19                               | 19                     |
| Loans payable   | 241                              | 290                    |
| Promissory notes, related parties   | 1,000                            | 1,000                  |
| Current liabilities of continued operations   | <u>2,506</u>                     | <u>2,427</u>           |
| Current liabilities of discontinued operations  | 11                               | 428                    |
|   | <u>2,517</u>                     | <u>2,855</u>           |
| <b>Total liabilities</b>  | 2,517                            | 2,855                  |
| <b>Temporary Equity</b> – redeemable common stock outstanding 33,944 shares   | 605                              | 605                    |
| <b>Stockholders' Equity</b>   |                                  |                        |
| Preferred stock: \$0.0001 par value, authorized 50,000,000 shares; nil issued and outstanding shares  | —                                | —                      |
| Common stock: \$0.0001 par value, authorized 200,000,000 shares; issued and outstanding 11,617,195 shares as of March 31, 2020 and 4,098,914 shares as of December 31, 2019 | 2                                | 2                      |
| Additional paid-in capital  | 61,826                           | 61,749                 |
| Accumulated deficit   | (61,400)                         | (61,362)               |
| Accumulated other comprehensive loss  | (24)                             | (24)                   |
| <b>Total Touchpoint Group Holdings, Inc. stockholders' equity</b>   | <u>404</u>                       | <u>365</u>             |
| Equity attributable to non-controlling interest   | 970                              | 1,002                  |
| <b>Total Stockholders' Equity</b>   | <u>1,374</u>                     | <u>1,367</u>           |
| <b>Total liabilities and stockholders' equity</b>   | <u><u>\$ 4,496</u></u>           | <u><u>\$ 4,827</u></u> |

See accompanying notes to unaudited condensed consolidated financial statements.

**TOUCHPOINT GROUP HOLDINGS, INC.**  
**Condensed Consolidated Statements of Operations**  
**For the three months ended March 31, 2020 and 2019**  
**(in thousands)**  
**(unaudited)**

|   | <b>Three Months Ended</b> |                        |
|---|---------------------------|------------------------|
|   | <b>March 31,</b>          |                        |
|   | <b>2020</b>               | <b>2019</b>            |
| Revenue   | \$ 40                     | \$ -                   |
| Cost of revenue:  |                           |                        |
| Software and production costs   | -                         | 4                      |
| Amortization of intangible assets   | 139                       | 110                    |
|   | <u>139</u>                | <u>114</u>             |
| Gross deficit   | (99)                      | (114)                  |
| Expenses:   |                           |                        |
| General and administrative  | 499                       | 890                    |
|   | <u>499</u>                | <u>890</u>             |
| Loss from operations  | (598)                     | (1,004)                |
| Other income and expense:   |                           |                        |
| Interest expense  | (48)                      | (17)                   |
| Interest income   | 3                         | 4                      |
| Other income  | 606                       | 553                    |
| Foreign exchange  | (1)                       | (1)                    |
|   | <u>560</u>                | <u>539</u>             |
| Loss before discontinued operations   | (38)                      | (465)                  |
| Loss from discontinued operations   | -                         | (225)                  |
| Net loss for the period   | (38)                      | (690)                  |
| Net loss attributable to non-controlling interest                                   | -                         | 34                     |
| <b>Net loss attributable to Touchpoint Group Holdings, Inc. Common stockholders</b> | <b><u>\$ (38)</u></b>     | <b><u>\$ (656)</u></b> |
| Loss per share attributable to Touchpoint Group Holdings, Inc. stockholders         |                           |                        |
| Basic and diluted net loss per share – continuing operations                        | \$ (0.01)                 | \$ (0.13)              |
| Basic and diluted net loss per share – discontinued operations                      | \$ -                      | \$ (0.06)              |
| Weighted average number of shares outstanding                                       |                           |                        |
| Basic and diluted   | <u>5,096</u>              | <u>3,536</u>           |

See accompanying notes to unaudited condensed consolidated financial statements.

**TOUCHPOINT GROUP HOLDINGS, INC.**  
**Condensed Consolidated Statements of Comprehensive Loss**  
**For the three months ended March 31, 2020 and 2019**  
**(in thousands)**  
**(unaudited)**

|  | <b>Three Months Ended</b> |                 |
|--|---------------------------|-----------------|
|  | <b>March 31,</b>          |                 |
|  | <b>2020</b>               | <b>2019</b>     |
| Net loss                                     | \$ (38)                   | \$ (656)        |
| Other comprehensive income:                  |                           |                 |
| Foreign currency translation adjustment gain | -                         | 11              |
| Total comprehensive loss                     | <u>\$ (38)</u>            | <u>\$ (645)</u> |

See accompanying notes to unaudited condensed consolidated financial statements.

**TOUCHPOINT GROUP HOLDINGS, INC.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
**For the three months ended March 31, 2020 and 2019**  
**(in thousands)**  
**(unaudited)**

|   | <u>Mezzanine Equity</u> |               | <u>Common Stock</u> |               | <u>Additional<br/>Paid-In</u> | <u>Stock<br/>Subscription<br/>Receivable</u> | <u>Accumulated<br/>Deficit</u> | <u>Accumulated<br/>Other<br/>Comprehensive<br/>Income</u> | <u>Non-<br/>Controlling<br/>Interest</u> | <u>Total<br/>Stockholders'<br/>Equity</u> |
|---|-------------------------|---------------|---------------------|---------------|-------------------------------|--|--------------------------------|---|--|---|
|   | <u>Shares</u>           | <u>Amount</u> | <u>Shares</u>       | <u>Amount</u> |                               |  |                                |   |  |   |
| <b>Balances, January 1, 2019</b>                            | <b>34</b>               | <b>\$ 605</b> | <b>3,502</b>        | <b>\$ 2</b>   | <b>\$ 62,606</b>              | <b>\$ (1,425)</b>                            | <b>\$ (54,854)</b>             | <b>\$ (35)</b>  | <b>\$ 1,571</b>                          | <b>\$ 7,865</b>                           |
| Net loss  | —                       | —             | —                   | —             | —                             | —  | (656)                          | —   | (34)                                     | (690)                                     |
| Foreign currency translation                                | —                       | —             | —                   | —             | —                             | —  | —                              | 11  | —  | 11  |
| Disposal of equity in Banana Whale Studios<br>PTE Limited   | —                       | —             | —                   | —             | —                             | —  | —                              | —   | (449)                                    | (449)                                     |
| <b>Balances, March 31, 2019</b>                             | <b>34</b>               | <b>\$ 605</b> | <b>3,502</b>        | <b>\$ 2</b>   | <b>\$ 62,606</b>              | <b>\$ (1,425)</b>                            | <b>\$ (55,510)</b>             | <b>\$ (24)</b>  | <b>\$ 1,088</b>                          | <b>\$ 6,737</b>                           |
| <b>Balances, January 1, 2020</b>                            | <b>34</b>               | <b>\$ 605</b> | <b>4,099</b>        | <b>\$ 2</b>   | <b>\$ 61,749</b>              | <b>\$ —</b>                                  | <b>\$ (61,362)</b>             | <b>\$ (24)</b>  | <b>\$ 1,002</b>                          | <b>\$ 1,367</b>                           |
| Net loss  | —                       | —             | —                   | —             | —                             | —  | (38)                           | —   | —  | (38)                                      |
| Return of shares on rescission of contracts                 | —                       | —             | (563)               | —             | (2)                           | —  | —                              | —   | (32)                                     | (34)                                      |
| Issuance of shares on partial conversion of<br>loan payable | —                       | —             | 5,476               | —             | 71                            | —  | —                              | —   | —  | 71  |
| Correction of shares not subject to reverse<br>split        | —                       | —             | 2,400               | —             | —                             | —  | —                              | —   | —  | —   |
| Shares issued for financing commitment                      | —                       | —             | 206                 | —             | 8                             | —  | —                              | —   | —  | 8   |
| <b>Balances, March 31, 2020</b>                             | <b>34</b>               | <b>\$ 605</b> | <b>11,618</b>       | <b>\$ 2</b>   | <b>\$ 61,826</b>              | <b>\$ —</b>                                  | <b>\$ (61,400)</b>             | <b>\$ (24)</b>  | <b>\$ 970</b>                            | <b>\$ 1,374</b>                           |

See accompanying notes to unaudited condensed consolidated financial statements.

**TOUCHPOINT GROUP HOLDINGS, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
**For the three months ended March 31, 2020 and 2019**  
**(in thousands)**  
**(unaudited)**

|  | <u>2020</u>         | <u>2019</u>            |
|--|---------------------|------------------------|
| Cash flows from operating activities:  |                     |                        |
| Net loss for the period  | \$ (38)             | \$ (657)               |
| Adjustment to reconcile net loss for the period to net cash flows from operating activities: |                     |                        |
|  | -                   | -                      |
| Amortization of intangible assets  | 139                 | 110                    |
| Gain on sale of interest in subsidiary   | (606)               | (553)                  |
| Amortization of shares issued for services   | 191                 | 138                    |
| Shares issued for financing commitment   | 8                   | -                      |
| Loan discount  | 18                  | -                      |
| Changes in operating assets and liabilities:   |                     |                        |
| Accounts receivable  | (43)                | (37)                   |
| Other assets   | 10                  | 16                     |
| Accounts payable and accrued expenses  | 128                 | 265                    |
| Net cash flows from operating activities – continuing operations                             | (193)               | (718)                  |
| Net cash flows from operating activities – discontinued operations                           | -                   | 4                      |
| Net cash flows from operating activities   | <u>(193)</u>        | <u>(714)</u>           |
| Cash flows from investing activities:  |                     |                        |
| Cash advances to acquisition target  | -                   | (64)                   |
| Proceeds from sale of interest in subsidiary   | -                   | 1,500                  |
| Net cashflows from investing activities – continuing operations                              | -                   | 1,436                  |
| Net cashflows from investing activities – discontinued operations                            | -                   | (38)                   |
| Net cash flows from investing activities   | <u>-</u>            | <u>1,398</u>           |
| Cash flows from financing activities:  |                     |                        |
| Proceeds from loans  | 125                 | 10                     |
| Repayment of loan  | (180)               | -                      |
| Proceeds from note receivable  | 1                   | —                      |
| Net cash flows from financing activities – continuing operations                             | (54)                | 10                     |
| Net cash flows from financing activities – discontinued operations                           | -                   | 28                     |
| Net cash flows from financing activities   | <u>(54)</u>         | <u>38</u>              |
| Increase in cash during the period   | (247)               | 722                    |
| Foreign exchange effect on cash  | -                   | 1                      |
| Cash at beginning of the period  | <u>258</u>          | <u>353</u>             |
| <b>Cash at end of the period</b>   | <u><u>\$ 11</u></u> | <u><u>\$ 1,076</u></u> |

See accompanying notes to unaudited condensed consolidated financial statements.

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2020**

**Note 1. Description of Business, Organization and Principles of Consolidation**

***Description of Business***

On September 26, 2019, the Company changed its name from One Horizon Group, Inc. to Touchpoint Group Holdings, Inc. (the “Company”). The Company has the following businesses:

- (i) Touchpoint Connect Limited (“Touchpoint”) – Touchpoint is a newly formed wholly owned subsidiary that offers a white label product which is a fan engagement platform designed to enhance the fan experience and drive commercial aspects of the sport and entertainment business.
- (ii) Love Media House - The Company is in negotiations to sell its interests in Love Media House, Inc. (“Love Media House”) and as such, it is considered to be discontinued operations.
- (iii) Browning - In February 2020 the Company sold all of its interest in Browning Productions & Entertainment, Inc. (“Browning”) and its results for 2019 and through the sale in 2020 are treated as discontinued operations.
- (iv) 123 Wish, Inc. – 123Wish, Inc. (“123Wish”) is considered dormant. All of its operations have been moved to Touchpoint.

The Company is based in the United States of America, Hong Kong, China and the United Kingdom.

***Interim Period Financial Statements***

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information and with the instructions of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. The results of operations reflect interim adjustments, all of which are of a normal recurring nature and, in the opinion of management, are necessary for a fair presentation of the results for such interim period. The results reported in these interim condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. Certain information and note disclosure normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the SEC’s rules and regulations. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the SEC on April 24, 2020 and as amended.

**Current Structure of the Company**

The Company has the following subsidiaries:

| <b>Subsidiary name</b>                                  | <b>% Owned</b> |
|---|----------------|
| ● 123Wish, Inc. (considered dormant)                    | 51%            |
| ● One Horizon Hong Kong Ltd                             | 100%           |
| ● Horizon Network Technology Co. Ltd                    | 100%           |
| ● Love Media House, Inc. (discontinued operations)      | 100%           |
| ● Touchpoint Connect Limited (formed in September 2019) | 100%           |

In addition to the subsidiaries listed above, Suzhou Aishuo Network Information Co., Ltd (“Suzhou Aishuo”) is a limited liability company organized in China and controlled by the Company via various contractual arrangements. Suzhou Aishuo is treated as one of our subsidiaries for financial reporting purposes in accordance with GAAP.

All significant intercompany balances and transactions have been eliminated in consolidation.

## **Note 2. Summary of Significant Accounting Policies**

### **Liquidity and Capital Resources**

Historically, the Company has incurred net losses and negative cash flows from operations which raises substantial doubt about the Company’s ability to continue as a going concern. The Company has principally financed these losses from the sale of equity securities and the issuance of debt instruments.

The Company will be required to raise additional funds through various sources, such as equity and debt financings. While the Company believes it is probable that such financings could be secured, there can be no assurance the Company will be able to secure additional sources of funds to support its operations or, if such funds are available, that such additional financing will be sufficient to meet the Company’s needs or on terms acceptable to us.

At March 31, 2020, the Company had cash of approximately \$11,000. Together with the Company’s current operational plan, budget, and expected financings, the Company believes that it is probable that it will have sufficient cash to fund its operations into at least the first quarter of 2021. However, actual results could differ materially from the Company’s projections.

On August 5, 2019, the Company entered into an equity purchase agreement (the “Equity Purchase Agreement”) with Crown Bridge Partners, LLC (“Crown”), whereby Crown is committed to purchase up to \$10.0 million of new common stock from the Company at the Company’s option during the next three years. The amount is determined by the market value of trades and is priced at an 18% discount to average market price. As of March 31, 2020, no shares have been sold under the Equity Purchase Agreement.

### ***Basis of Accounting and Presentation***

These condensed consolidated financial statements have been prepared in conformity with GAAP.

### ***Foreign Currency Translation***

The reporting currency of the Company is the U.S. dollar. Assets and liabilities other than those denominated in U.S. dollars, primarily in the United Kingdom, are translated into U.S. dollars at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the average rate of exchange throughout the period. Gains or losses from these translations are reported as a separate component of other comprehensive income (loss) until all or a part of the investment in the subsidiaries is sold or liquidated. The translation adjustments do not recognize the effect of income tax because the Company expects to reinvest the amounts indefinitely in operations.

Transaction gains and losses that arise from exchange-rate fluctuations on transactions denominated in a currency other than the functional currency are included in general and administrative expenses.

### ***Cash***

Cash and cash equivalents include bank demand deposit accounts and highly liquid short-term investments with maturities of three months or less when purchased. Cash consists of checking accounts held at financial institutions in the U.S. and the United Kingdom which balances may exceed insured limits at times. The Company has not experienced any losses related to these balances, and management believes the credit risk to be minimal.

### ***Accounts Receivable, Concentrations and Revenue Recognition***

*Performance Obligations* - A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under the revenue recognition standard. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Company's contracts do not typically have variable consideration that needs to be considered when the contract consideration is allocated to each performance obligation.

*Revenue Recognition* – We recognize revenues from discontinued operations and continuing operations as described below:

— Discontinued operations

- 1 Love Media House derives income from recording and video services. Income is recognized when the recording and video services are performed and the final customer product is delivered and the point at which the performance obligation is satisfied. These revenues are non-refundable.
- 2 Browning derives income from the advertising associated with the airing of television series produced by Browning and also licenses income from the showing of series on certain channels based on the number of viewers attracted. Advertising revenue is recognized when the series to which the advertising relates is aired.

— Continuing operations

- 3 Touchpoint – Revenue for the sale of the software license is recognized when the customer has use of the services and has access to use the software. Revenue from maintenance services is recognized over time as the services are provided and charged.

The Company does not have off-balance sheet credit exposure related to its customers. As of March 31, 2020 three customers (and as of December 31, 2019 – two customers) accounted for 100% of accounts receivable. During the three months ended March 31, 2020, one customer accounted for 100% of the revenue and there was no revenue during the three months ended March 31, 2019. The balance of accounts receivable as of March 31, 2020 and December 31, 2019, includes an amount of \$40,000 owed from an acquisition target.

### ***Intangible Assets***

Intangible assets include software development costs and acquired technology and are amortized on a straight-line basis over the estimated useful lives ranging from four to five years. The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life. The Company performs periodic reviews of its capitalized intangible assets to determine if the assets have continuing value to the Company.

### ***Impairment of Other Long-Lived Assets***

The Company evaluates the recoverability of its property and equipment and other long-lived assets whenever events or changes in circumstances indicate impairment may have occurred. An impairment loss is recognized when the net book value of such assets exceeds the estimated future undiscounted cash flows attributed to the assets or the business to which the assets relate. Impairment losses, if any, are measured as the amount by which the carrying value exceeds the fair value of the assets. No impairment charge has been determined during the respective three months ended March 31, 2020. As set out in Note 3, during the year ended December 31, 2019, the Company recorded an impairment charge related to the Company's discontinued operations of \$2.4 million.

### ***Income Taxes***

Deferred income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, operating loss, and tax credit carryforwards, and are measured using the enacted income tax rates and laws that will be in effect when the differences are expected to be recovered or settled. Realization of certain deferred income tax assets is dependent upon generating sufficient taxable income in the appropriate jurisdiction. The Company records a valuation allowance to reduce deferred income tax assets to amounts that are more likely than not to be realized. The initial recording and any subsequent changes to valuation allowances are based on a number of factors (positive and negative evidence). The Company considers its actual historical results to have a stronger weight than other, more subjective, indicators when considering whether to establish or reduce a valuation allowance.

### ***Net Loss per Share***

Basic net loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share takes into consideration common shares outstanding (computed under basic loss per share) and potentially dilutive securities. For the three months ended March 31, 2020 and 2019, all outstanding warrants are antidilutive because of net losses, and as such, their effect has not been included in the calculation of diluted net loss per share. Common shares issuable are considered outstanding as of the original approval date for purposes of earnings per share computations.

### ***Accumulated Other Comprehensive Income (Loss)***

Other comprehensive income (loss), as defined, includes net income (loss), foreign currency translation adjustment, and all changes in equity (net assets) during a period from non-owner sources. To date, the Company has not had any significant transactions that are required to be reported in other comprehensive income (loss), except for foreign currency translation adjustments.

### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the fiscal year. The Company makes estimates for, among other items, useful lives for depreciation and amortization, determination of future cash flows associated with impairment testing for long-lived assets, determination of the fair value of stock options and warrants, valuation allowance for deferred tax assets, allowances for doubtful accounts, and potential income tax assessments and other contingencies. The Company bases its estimates on historical experience, current conditions, and other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from those estimates and assumptions.

**Other receivables**

Other receivables of the Company consisted of receivables from Banana Whale Studios Pte Ltd. (“Banana Whale”) and Browning for the balances of amounts outstanding from the sale of the former subsidiaries. The aggregate balances as of March 31, 2020 and December 31, 2019 were \$458,000 and \$250,000 respectively (see Note 3).

Other receivables comprise the following (in thousands):

|   | <b>March 31</b> | <b>December 31</b> |
|---|-----------------|--------------------|
|   | <b>2020</b>     | <b>2019</b>        |
|   | (unaudited)     |                    |
| Banana Whale                              | \$ 250          | \$ 250             |
| Browning Production & Entertainment, Inc. | 208             | -                  |
|   | <u>\$ 458</u>   | <u>\$ 250</u>      |

On February 14, 2020, the Company completed the sale of its interest in Browning to William J. Browning, the holder of the remaining Browning shares. Under the sale agreement, Browning and Mr. Browning agreed to repay advances totaling \$210,000, made to Browning by the Company, over a 24-month period ending January 31, 2022 with an early repayment discount, equal to the amount of payment received, given during the six months ending August 31, 2020. Commencing September 1, 2020, the then balance outstanding is to be repaid in equal instalments over the remaining 18 months together with interest of 1% per month. During the three months ended March 31, 2020 the Company received \$1,000 and in addition credited Browning with an additional \$1,000 repayment discount.

Mr. Browning also agreed to return the 89,333 shares of Company common stock issued under the original acquisition for cancellation by the Company.

During the three months ended March 31, 2020, the Company realized a gain of \$606,000 on the sale of its 51% interest in Browning.

### Note 3. Discontinued Operations

On January 1, 2019 the Company sold its 51% interest in Banana Whale to a third party in return for \$1,500,000 in cash, a promissory note in the principal amount of \$500,000 (the "Banana Whale Note") and the return of 295,322 shares of the Company's common stock issued upon acquisition.

In December 2019, an agreement regarding the remaining amount due on the Banana Whale Note of \$500,000 was reached pursuant to which the Company received \$250,000 in December 2019. In addition, the balance is payable over the two years ending December 2021 whereby the Company will receive an amount equal to 25% of reported EBITDA each quarter up to a maximum amount of \$250,000 in the aggregate. As of March 31, 2020, no payments have been received.

During the year ended December 31, 2019, the Company decided to sell its interests in its subsidiaries, Love Media House and Browning. In connection with this determination, the Company concluded the intangible assets related to these subsidiaries were impaired. Accordingly, the Company recorded an impairment charge of approximately \$2.4 million which was included in the loss from discontinued operations for the year ended December 31, 2019.

On February 18, 2020, the Company completed the sale of its interest in Browning to William J. Browning, the holder of the remaining Browning shares. Under the Recission Agreement, Browning and Mr. Browning agreed to repay advances totaling \$210,000, made to Browning by the Company, over a 24-month period ending January 31, 2022 with an early repayment discount, equal to the amount of payment received during the six months ending August 31, 2020. Commencing September 1, 2020, the then balance outstanding is to be repaid in equal instalments over the remaining 18 months together with interest of 1% per month. During the three months ended March 31, 2020, the Company received \$1,000 and in addition credited Browning with an additional \$1,000 repayment discount reducing the outstanding principal to \$208,000 as of March 31, 2020.

In June 2020, Mr. Browning returned the 89,333 shares of Company common stock issued under the original acquisition. The shares have now been cancelled by the Company.

During the three months ended March 31, 2020, the Company realized a gain of \$606,000 on the sale of its 51% interest in Browning.

The Company has accounted for the operations of Love Media House and Browning as discontinued operations. The Statements of Operations for the three months ended March 31, 2020 and 2019 for discontinued operations is as follows (*in thousands, unaudited*):

|                                   | Three Months Ended |          |
|-----------------------------------|--------------------|----------|
|                                   | March 31,          |          |
|                                   | 2020               | 2019     |
| Revenue                           | \$ -               | \$ 201   |
| Cost of revenue                   |                    |          |
| Software and production costs     | -                  | 78       |
| Amortization                      | -                  | 50       |
|                                   | -                  | 128      |
| Gross Profit                      | -                  | 73       |
| Expenses                          |                    |          |
| General and administrative        | -                  | 294      |
| Depreciation                      | -                  | 1        |
| Other expenses                    | -                  | 3        |
|                                   | -                  | 298      |
| Loss from Discontinued Operations | \$ -               | \$ (225) |

The balance sheet of discontinued operations as of March 31, 2020 and December 31, 2019 is as follows *(in thousands)*:

|  | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--|---------------------------|------------------------------|
| Current Assets                         | (unaudited)               |                              |
| Cash                                   | \$ -                      | \$ 2                         |
| Other current assets                   | 1                         | 27                           |
|  | <u>1</u>                  | <u>29</u>                    |
| Property and equipment                 | 5                         | 34                           |
|  | <u>\$ 6</u>               | <u>\$ 63</u>                 |
| Current Liabilities                    |                           |                              |
| Accounts payable and accrued expenses  | \$ -                      | \$ 36                        |
| Deferred revenue                       | -                         | 15                           |
| Loans payable                          | -                         | 115                          |
| Finance contracts, due within one year | -                         | 51                           |
| Notes payable – related parties        | 11                        | 211                          |
|  | <u>\$ 11</u>              | <u>\$ 428</u>                |

**Note 4. Intangible Assets**

Intangible assets consist of the following (in thousands):

|                               | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|-------------------------------|---------------------------|------------------------------|
|                               | (unaudited)               |                              |
| Touchpoint software           | \$ 2,937                  | \$ 2,950                     |
| Goodwill                      | 419                       | 419                          |
|                               | <u>3,356</u>              | <u>3,369</u>                 |
| Less accumulated amortization | (1,097)                   | (958)                        |
| Intangible assets, net        | <u>\$ 2,259</u>           | <u>\$ 2,411</u>              |

## Note 5. Notes Payable

### a) Promissory notes, related parties

The promissory notes due to Zhanming Wu (\$500,000) and the Company's CEO, Mark White (\$500,000), both considered related parties, including accrued interest of 7% per annum from issuance, were due for repayment on August 31, 2019. Such payments were not made and the parties are in negotiations to extend the maturity dates of the promissory notes. There can be no guarantee that commercially reasonable terms will be agreed upon. As of March 31, 2020, the counterparties had not demanded repayment of the promissory notes.

### b) Century River Limited

The \$500,000 loan payable with a remaining principal balance of \$10,000 at March 31, 2020 is due to Century River Limited, a company controlled by the Company's CEO, Mark White. This loan is due on demand and bears interest at 3% per annum.

### c) Bespoke Growth Partners Convertible Note #1

In July 2019, the Company issued a convertible promissory note in the original principal amount of \$100,000 to Bespoke Growth Partners. The loan was due on January 26, 2020 and bore interest of 20% per annum. During the three months ended March 31, 2020 the Company repaid \$56,641 of principal and \$15,070 of interest on the note by issuing an aggregate of 5,476,027 shares of Company common stock to Bespoke Growth Partners. The balance owing as at March 31, 2020 was \$43,359.

### d) Bespoke Growth Partners Convertible Note #2

In November 2019, the Company issued a convertible promissory note in the original principal amount of \$300,000 to Bespoke Growth Partners. The note was due on May 21, 2020 with an interest rate of 20% per annum. The net loan proceeds will be \$200,000, after the loan discount of \$100,000. During the three months ended March 31, 2020 the Company received proceeds under the note of \$125,000. The balance outstanding as at March 31, 2020, including pro-rata loan discount, was \$187,500.

### e) Labrys Fund

The loan payable to Labrys Fund LP ("Labrys") in the amount of \$180,000 was paid in full on January 24, 2020.

## **Note 6. Share Capital**

### ***Common Stock***

The Company is authorized to issue 200 million shares of common stock, par value of \$0.0001.

During the three months ended March 31, 2020, the Company issued shares of common stock as follows:

- 5,476,028 shares of common stock, with an aggregate fair value of \$71,711, in partial settlement of principal and interest owing to Bespoke Growth Partners,
- 2,400,000 shares of common stock to adjust shares issued in 2019 for consulting services which were not subject to reverse split, and
- 206,000 shares of common stock for a commitment fee payable to Crown under the agreement dated in July 2019.

During the three months ended March 31, 2020 563,760 shares of common stock were returned to the Company for cancellation.

During the year ended December 31, 2019, the Company issued shares of common stock as follows:

- 81,933 shares of common stock, with an aggregate fair value of \$126,760, as additional compensation related to acquisition of Browning,
- 200,000 shares of common stock, with an aggregate fair value of \$150,000, for consulting services to be provided,
- 100,000 shares of common stock with a fair value of \$38,750 for consulting services to be provided,
- 179,104 shares of common stock as security against the loan payable to Labrys which shares were returned to the Company for cancellation in February 2020, and
- 370,000 shares of common stock for a commitment fee payable to Crown.

During the year ended December 31, 2019, 340,000 shares of common stock, issued in December 2018 were returned to the Company for cancellation and the related share subscription due was cancelled.

***Stock Purchase Warrants***

As of March 31, 2020, the Company had reserved 2,890 shares of its common stock for the outstanding warrants with a weighted average exercise price of \$20.00. Such warrants expire at various times through July 2020.

During the three months ended March 31, 2020 and March 31, 2019, no warrants were issued, exercised or forfeited.

**Note 7. Stock-Based Compensation**

On August 6, 2013, the Company's shareholders approved the 2013 Equity Incentive Plan ("2013 Plan"). The 2013 Plan provides for the issuance of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, dividend equivalents, cash bonuses and other stock-based awards to employees, directors and consultants of the Company.

There were no options issued in the three months ended March 31, 2020 and 2019 and there were no options outstanding as at March 31, 2020.

In March 2018, the Company adopted the 2018 Equity Incentive Plan (the "2018 Plan") to provide additional incentives to the employees, directors and consultants of the Company to promote the success of the Company's business. During the three months ended March 31, 2020, no common stock of the Company was issued under the 2018 Plan.

**Note 8. Legal Proceedings**

The Company has received a claim from the landlord of a property leased by Maham LLC (“Maham”), under which the Company is a guarantor. The Company has retained counsel, is in discussions with the landlord regarding the claim and is discussing a solution to Maham’s financial difficulty.

The Company has also been served a claim from the former management of Love Media House regarding a claim for unpaid wages. The Company disputes the validity of the claim in its entirety.

**Note 9. Subsequent Events**

On five dates subsequent to March 31, 2020, the Company issued a total of 8,180,584 shares of common stock, with a value of \$28,559, to Bespoke Growth Partners as part settlement of principal and interest of convertible note.

On April 23, 2020, the Company issued 5,000,000 shares of common stock for consulting services.

On April 24, 2020, the Company entered into an Agreement pursuant to which the Company agreed to issue and immediately and irrevocably deliver to a consultant 2,000,000 restricted shares of Company common stock. With regard to any acquisition of a company introduced by the consultant that results in ownership by the Company of not less than 20% of such company, the Company agreed to compensate the consultant within three business days of closing of such transaction by that amount of cash that equates to 5% of the anticipated total purchase price or deal value or that amount of Company stock that equates to 7.5% of the anticipated purchase price or deal value.

On April 24, 2020, the Company issued an aggregate of 5,000,000 shares of common stock to an employee in advance of stock awards due to him.

On May 4, 2020, the Company issued 353,673 shares of common stock to Crown Bridge Partners for a commitment fee.

On May 18, 2020, the Company issued a total of 3,000,000 shares of common stock to two consultants for services.

On May 19, 2020, the Company received \$133,000 from Geneva Roth Remark Holdings, Inc. for a convertible note, due May 19, 2021, with an interest rate of 10% per annum.

On June 15, 2020, the Company received \$145,000 from FirstFire Global Opportunities Fund LLC for a convertible note, due June 15, 2020, with an interest rate 10% per annum.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion provides information which management believes is relevant to an assessment and understanding of our results of operations and financial condition. The discussion should be read along with our unaudited condensed consolidated financial statements for the three months ended March 31, 2020 and 2019 and notes thereto contained elsewhere in this Report, and our annual report on Form 10-K for the twelve months ended December 31, 2019, as amended including the consolidated financial statements and notes thereto. The following discussion and analysis contains forward-looking statements, which involve risks and uncertainties. Our actual results may differ significantly from the results, expectations and plans discussed in these forward-looking statements. See "Cautionary Note Concerning Forward-Looking Statements."

### Overview

We are a holding company which, through our operating subsidiaries, is engaged in media and digital technology, primarily in sports entertainment and related technologies that bring fans closer to athletes and celebrities.

### Current Structure of the Company

The Company has the following subsidiaries:

| <b>Subsidiary name</b>   | <b>% Owned</b> |
|--|----------------|
| ● 123Wish, Inc. (considered dormant)   | 51%            |
| ● One Horizon Hong Kong Ltd  | 100%           |
| ● Horizon Network Technology Co. Ltd   | 100%           |
| ● Love Media House, Inc. (Discontinued Operations)   | 100%           |
| ● Touchpoint Connect Limited (formed in September 2019)  | 100%           |
| ● Browning Productions & Entertainment, Inc. (Discontinued Operations and sold in February 2020) | 51%            |

In addition to the subsidiaries listed above, Suzhou Aishuo Network Information Co., Ltd ("Suzhou Aishuo") is a limited liability company, organized in China and controlled by us via various contractual arrangements. Suzhou Aishuo is treated as one of our subsidiaries for financial reporting purposes in accordance with generally accepted accounting principles in the United States ("GAAP").

### Summary Description of Core Business

Touchpoint Connect Limited ("TCL") is a software developer which supplies a robust fan engagement platform designed to enhance the fan experience and drive commercial aspects of the sport and entertainment business.

TCL brings users closer to the action by enabling them to engage with clubs, favorite players, peers and relevant brands through features that include live streaming, access to limited edition merchandise, gamification (chance to win unique one-off life experiences), user rewards, third party branded offers, credit cards and associated benefits.

TCL is available to a broad audience as a white label product. The platform provides in-depth analytics that enable marketing teams to ensure that they deliver aligned, strategic messages and campaigns to the right audience at the right time.

The Company is based in the United States of America, Hong Kong, China and the United Kingdom.

### *Disposal of Discontinued Operations*

On October 22, 2018, we entered into an Exchange Agreement (“Browning Exchange Agreement”) pursuant to which we acquired a majority of the outstanding shares (the “Controlling Interest in Browning”) of Browning Productions & Entertainment, Inc. (“Browning”), from William J. Browning, the sole stockholder of Browning.

In exchange for the controlling interest in Browning, we paid Mr. Browning \$10,000 and issued to him 12,000 shares of common stock, plus an additional number of shares of common stock which can be up to a maximum of 680,000 shares, determined by dividing two and a half times the net after tax earnings of Browning during the twelve month period ended December 31, 2019 by the average of the closing price of our common stock during the 10 consecutive trading days immediately preceding the end of 2019.

Though the terms of this transaction only required a \$20,000 cash payment (\$10,000 in cash under the non-binding letter of intent and \$10,000 in cash under the Browning Exchange Agreement) to Mr. Browning, we were required to provide Browning with a working capital loan in an initial amount of \$150,000, which is to be repaid out of the post-closing net profit of Browning, as well as earmark an additional \$150,000 in cash for future investment in Browning (to assist in funding the future operations of Browning).

We had a right of first refusal to purchase the remaining shares of Browning.

During the year ended December 31, 2019, the Company decided to sell its interests in its subsidiaries, Love Media House Inc. (“Love Media”) and Browning. In connection with this determination, the Company concluded the intangible assets related to these subsidiaries were impaired. Accordingly, the Company recorded an impairment charge of \$2,440,000 which is included in the loss from discontinued operations.

In February 2020, the Company concluded the sale of its majority interest in Browning for the following consideration;

- The return of 89,334 shares in the Company held by William J. Browning for cancellation; and
- The repayment to the Company of the advances made to Browning totaling \$210,000 over a 24-month period ending January 31, 2022. To encourage early repayment by Browning, the Company has agreed to give additional debt reduction on the basis of \$1.00 credit for every \$1.00 paid during the first six months of the repayment term.

Currently, the Company is looking to negotiate a sale of its ownership interest in Love Media.

### *COVID-19 Effects*

In December 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to several other countries and infections have been reported globally.

Because COVID-19 infections have been reported throughout the United States and the United Kingdom, certain federal, state and local governmental authorities have issued stay-at-home orders, proclamations and/or directives aimed at minimizing the spread of COVID-19. Additional, more restrictive proclamations and/or directives may be issued in the future. As a result, the Company has seen delays in certain Touchpoint licensing agreements commencing operation which leads to subsequent delays in subscriptions being processed. All of the Company employees and management can operate from home whilst the stay-at-home orders remain in place.

The ultimate impact of the COVID-19 pandemic on the Company's operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or the Company, may direct, which may result in an extended period of continued business disruption, reduced customer traffic and reduced operations. Any resulting financial impact cannot be reasonably estimated at this time but is anticipated to have a material adverse impact on our business, financial condition and results of operations.

The measures taken to date will impact the Company's business for the fiscal first, second and third quarters and potentially beyond. Management expects that all of its business segments, across all of its geographies, will be impacted to some degree, but the significance of the impact of the COVID-19 outbreak on the Company's business and the duration for which it may have an impact cannot be determined at this time

For the fiscal years ended December 31, 2019 and 2018, we our continuing operations generated revenues of \$170,000 and \$306,000, respectively; and reported net losses of \$3,298,000 and \$13,413,000, respectively, and negative cash flow from continuing operating activities of \$1,431 and \$2,973,000, respectively. As noted in our consolidated financial statements, we had an accumulated deficit of approximately \$61.3 million and recurring losses from operations as of December 31, 2019. We anticipate that we will continue to report losses and negative cash flow. Our auditors have raised substantial doubt regarding our ability to continue as a going concern as a result of our historical recurring losses and negative cash flows from operations. See "Risk Factors—We have a history of operating losses and our auditors have indicated that unless there is additional equity or debt funding in 2020, there is a substantial doubt about our ability to continue as a going concern."

## Results of Operations

### Comparison of three months ended March 31, 2020 and 2019

The following table sets forth key components of our results of operations for the periods indicated.

(All amounts, other than percentages, in thousands of U.S. dollars, unaudited)

|  | Three Months Ended<br>March 31, |          | Change                  |                      |
|--|---------------------------------|----------|-------------------------|----------------------|
|  | 2020                            | 2019     | Increase/<br>(decrease) | Percentage<br>Change |
| Revenue  | \$ 40                           | \$ -     | \$ 40                   | N/A                  |
| Cost of revenue                                | 139                             | 114      | 25                      | 21.9                 |
| Gross deficit                                  | (99)                            | (114)    | (15)                    | (13.2)               |
| Operating expenses:                            |                                 |          |                         |                      |
| General and administrative                     | 499                             | 890      | (391)                   | (43.9)               |
| Depreciation                                   | -                               | -        | -                       | -                    |
| Total operating expenses                       | 499                             | 890      | (391)                   | (43.9)               |
| Loss from operations                           | (598)                           | (1,004)  | 406                     | 40.4                 |
| Other income                                   | 560                             | 539      | 21                      | 3.9                  |
| Loss for the period from continuing operations | (38)                            | (465)    | 427                     | 91.8                 |
| Loss attributable to discontinued operations   | -                               | (225)    | 225                     | N/A                  |
| Net loss                                       | \$ (38)                         | \$ (690) | 652                     | 94.5                 |

**Revenue:** Revenue increased by \$40,000 to approximately \$40,000 in the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. This was due to the Touchpoint software license sale which was not available in 2019.

**Gross Deficit:** Gross margin deficit for the three months ended March 31, 2020 was approximately \$99,000 as compared to \$114,000 for the three months ended March 31, 2019, a reduction of approximately \$15,000, due to increased revenue less amortization expense.

**Operating Expenses:** Operating expenses, including general and administrative expenses and depreciation were approximately \$500,000 and \$900,000 during the three months ended March 31, 2020 and 2019, respectively. The major cost reduction related to the costs incurred by the Company in the three months ended March 31, 2019 as compared to the costs incurred in the three months ended March 31, 2020.

**Other income:** The Company achieved other income of \$560,000 in the three months ended March 31, 2020 which was greater than the other income of \$539,000 in the same period in 2019. This was primarily attributable to gains on disposal of subsidiaries of \$606,000 in the three months ended March 31, 2020 compared to the gain the comparative quarter ended March 31, 2019 of \$553,000.

**Net Loss:** Net loss for continuing operations for the three months ended March 31, 2020 was approximately \$38,000 as compared to net loss of approximately \$465,000 for the same period in 2019.

## Liquidity and Capital Resources

### Three Months Ended March 31, 2020 and March 31, 2019

The following table sets forth a summary of our net cash flows for the periods indicated:

|  | For the Three Months Ended<br>March 31,<br>(in thousands, unaudited) |         |
|--|--|---------|
|  | 2020   | 2019    |
| Net cash flows from operations           | (193)  | (718)   |
| Net cash flows from investing activities | -  | (1,398) |
| Net cash flows from financing activities | (54)   | 38      |

Net cash used by operating activities was approximately \$193,000 for the three months ended March 31, 2020 as compared to net cash used in operating activities of approximately \$718,000 for the same period in 2019 a reduction of approximately 73%.

No cash was provided by or used in investing activities as compared to cash used of \$1,398,000 for the three months ended March 31, 2020 and 2019, respectively. Net cash generated in the period to March 31, 2019 in investing activities related primarily to cash generated from the disposal of the majority interest in Banana Whale Studios PTE Limited.

Net cash used in financing activities was approximately \$54,000 for the three months ended March 31, 2020 as compared to \$38,000 generated for the three months ended March 31, 2019.

At March 31, 2020, the Company had cash of \$11,000. In the three months ending June 30, 2020, through the date hereof, the Company has raised \$303,000 from convertible loans. Based on the Company's current operational plan and budget, the Company believes that it is probable that it has will have sufficient cash to fund its operations into at least the third quarter of 2021. However actual results could differ materially from the Company's projections.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

#### **ITEM 4. CONTROLS AND PROCEDURES.**

##### **(a) Evaluation of Disclosure Controls and Procedures**

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our chief executive officer and chief financial officer (our "Certifying Officers"), the effectiveness of our disclosure controls and procedures as of March 31, 2020, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of March 31, 2020, our disclosure controls and procedures were not effective. This was due to certain deficiencies in our controls over financial reporting. In particular a lack of accounting personnel has resulted in an inability to segregate various accounting functions.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

##### **(b) Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

The Company has received a claim from the landlord of a property leased by Maham LLC, under which the Company is a guarantor. The Company has taken legal advice and its counsel is liaising with the landlord regarding the claim and is also discussing a solution to Maham's financial difficulty.

The Company has also been served a claim from the former management of Love Media regarding a claim for unpaid wages. The Company disputes the validity of its claim in its entirety.

### ITEM 1A. RISK FACTORS

Reference is made to the risks and uncertainties disclosed in Item 1A ("Risk Factors") of our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on April 24, 2020, as amended on May 12, 2020 (the "2019 Form 10-K") which sections are incorporated by reference into this report. Prospective investors are encouraged to consider the risks described in our 2019 Form 10-K, and our Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Report and other information publicly disclosed or contained in documents we file with the SEC before purchasing our securities.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

Between April 7, 2020 and May 4, 2020, the Company issued a total of 8,180,584 shares of common stock, with an aggregate value of \$28,559, to Bespoke Growth Partners, as a partial settlement of principal and interest of a convertible note.

On April 23, 2020, the Company issued 5,000,000 shares of common stock to Scott Mahoney for consulting services.

On April 24, 2020, the Company entered into an agreement pursuant to which the Company agreed to issue and immediately and irrevocably deliver to a consultant 2,000,000 restricted shares of Company common stock. With regard to any acquisition of a company introduced by the consultant that results in ownership by the Company of not less than 20% of such company, the Company agreed to compensate the consultant within three business days of the closing of such transaction by that amount of cash that equates to 5% of the anticipated total purchase price or deal value or that amount of Company stock that equates to 7.5% of the anticipated purchase price or deal value.

On April 24, 2020, the Company issued an aggregate of 5,000,000 shares of common stock to an employee in advance of stock awards due to him.

On May 4, 2020, the Company issued 353,673 shares of common stock to Crown, an accredited investor, for a commitment fee.

On May 18, 2020, the Company issued a total of 3,000,000 shares of common stock to two consultants for services provided.

The Company received \$133,000 from Geneva Roth Remark Holdings, Inc. in exchange for a convertible note, due May 19, 2021, with an interest rate of 10% per annum.

The above sales were made pursuant to an exemption from registration as set forth in Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated under the Securities Act.

#### ITEM 6. EXHIBITS

The following exhibits are filed herewith:

| <b>Exhibit No.</b> | <b>Description</b>  |
|--------------------|---|
| 10.1               | <a href="#">Securities Purchase Agreement dated June 15, 2020 by and between the registrant and FirstFire Global Opportunities Fund LLC.</a>  |
| 10.2               | <a href="#">Convertible Promissory Note dated June 15, 2020 issued by the registrant in favor of FirstFire Global Opportunities Fund LLC.</a>   |
| 31.1               | <a href="#">Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> |
| 31.2               | <a href="#">Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> |
| 32.1               | <a href="#">Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>  |
| 101.INS            | XBRL Instance Document  |
| 101.SCH            | XBRL Taxonomy Extension Schema Document   |
| 101.CAL            | XBRL Taxonomy Extension Calculation Linkbase Document   |
| 101.DEF            | XBRL Taxonomy Extension Definition Linkbase Document  |
| 101.LAB            | XBRL Taxonomy Extension Label Linkbase Document   |
| 101.PRE            | XBRL Taxonomy Extension Presentation Linkbase Document  |

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 29, 2020

**TOUCHPOINT GROUP HOLDINGS, INC.**

By: /s/ Mark White  
Mark White  
President and Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Martin Ward  
Martin Ward  
Chief Financial Officer  
(Principal Financial Officer  
and Principal Accounting Officer)