

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 24, 2020



GALAXY GAMING, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

000-30653	20-8143439
(Commission File Number)	(I.R.S. Employer Identification No.)

6767 Spencer Street
Las Vegas, Nevada 89119
(Address of principal executive offices)

(702) 939-3254
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class	Trading Symbol	Name of Exchange on Which Registered
Common Stock	GLXZ	OTCQB marketplace

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 1.01 Entry into a Material Definitive Agreement

On August 21, 2020, Galaxy Gaming, Inc. (the “Company”), entered into that certain First Amendment (the “Amendment”), to the Membership Interest Purchase Agreement, dated February 25, 2020 (the “Purchase Agreement”), between the Company and the membership interest holders of Progressive Games Partners LLC (“PGP”).

Pursuant to the Purchase Agreement, the Company was permitted broad discretion regarding the allocation of the cash and stock portions of the purchase price for the interests being purchased pursuant to the Purchase Agreement. The Amendment, among other things, sets forth the agreements and understandings among the parties regarding the cash and stock allocation of the purchase price for the interests being purchased pursuant to the Purchase Agreement.

On August 24, 2020, the Company also announced that it had completed the acquisition of PGP in accordance with the terms of the Purchase Agreement, as amended by the Amendment. The press release announcing the completion of the acquisition of PGP is filed herewith as Exhibit 99.1.

The foregoing description of the Amendment is not complete and is qualified in its entirety by reference to the Amended filed as Exhibit 10.1 hereto.

Item 9.01 Financial Statements and Exhibits

<u>Exhibit</u>	<u>Description</u>
10.1	First Amendment, dated August 21, 2020, to Membership Interest Purchase Agreement dated February 25, 2020, between the Company and the membership interest holders of PGP.
99.1	Press Release dated as August 24, 2020 announcing the Company’s completion of the acquisition of the purchase of PGP’s membership interest.

Signature Page Follows

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 24, 2020

GALAXY GAMING, INC.

By: /s/ Harry C. Hagerty
Harry C. Hagerty
Chief Financial Officer

**FIRST AMENDMENT TO
MEMBERSHIP INTEREST PURCHASE AGREEMENT**

THIS FIRST AMENDMENT TO MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Amendment"), is made and entered into as of August 21, 2020 (the "Effective Date"), by and among Galaxy Gaming, Inc., a Nevada corporation ("Purchaser"), Boston Nominees Limited ("Legal Owner"), the legal owner of the membership interests of Progressive Games Partners LLC, an Isle of Man limited liability company (the "Company"), and each beneficial holder of the membership interests of the Company (each, a "Seller" and collectively, the "Sellers"). The Sellers are listed on the signature page to this Amendment.

WHEREAS, the parties entered into a certain Membership Interest Purchase Agreement effective as of February 25, 2020 (the "Purchase Agreement"). Capitalized terms used herein but not defined have the meanings given to them in the Purchase Agreement; and

WHEREAS, pursuant to the Purchase Agreement, the parties agreed that Purchaser shall, prior to Closing, determine in its sole discretion the allocation of Purchase Price as to cash and the allocation of Purchase Price as to stock;

WHEREAS, the parties now desire to amend the Purchase Agreement to, among other things, set forth the agreements and understandings among the parties regarding the allocation of Purchase Price as to cash and the allocation of Purchase Price as to stock, upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. The following definitions in Section 1.1 of the Purchase Agreement are hereby deleted in their entirety and in their stead replaced with the following:

"Cash Component" means an amount equal to \$6,425,000.

"Cash Holdback" means an amount equal to \$1,455,000, comprised of the Closing Cash Escrow Payment and the Earnest Money Deposit.

"Cash Percentage" means 51.71%, which represents the percentage that the Cash Component makes up of the Purchase Price.

"Closing Cash Escrow Payment" means an amount equal to \$1,205,000, which amount represents the Cash Holdback~~less~~ the Earnest Money Deposit.

“Stock Component” means 3,141,361 shares of Galaxy Common Stock, which have an aggregate value equal to the Purchase Price less the Cash Component (using the Applicable Stock Price) (\$6,000,000).

“Stock Holdback” means the entire Stock Component.

“Stock Percentage” means 48.29%, which represents the percentage that the Stock Component makes up of the Purchase Price.

“Total Holdback Amount” means an amount equal to \$7,455,000, comprised of the Stock Holdback and the Cash Holdback.

2. Section 2.3.2 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

2.3.2 At the Closing, Purchaser shall pay the Purchase Price in the following manner:

Section 2.6.1. 2.3.2.1 Purchaser shall hold and reserve (and not issue in the name of Sellers) the Stock Holdback on its stock ledger pursuant to

2.3.2.2 The parties shall cause the Deposit Agent to continue to hold the Earnest Money Deposit (\$250,000.00).

2.3.2.3 Purchaser shall deliver and deposit with the Deposit Agent an amount of cash equal to Closing Cash Escrow Payment (\$1,205,000).

2.3.2.4 Purchaser shall deliver to the Sellers in accordance with each Seller’s Pro Rata Share, or among the Sellers as the Sellers shall collectively direct Purchaser in writing signed by each of the Sellers, by wire transfer of immediately available funds to the bank accounts of the Sellers set forth in a written letter of direction executed by each Seller and delivered to Purchaser at least 5 days prior to Closing, an amount of cash equal to the Cash Component less the Cash Holdback.

3. Sections 2.6.2.1 to 2.6.2.4 inclusive of the Purchase Agreement are hereby deleted in their entirety and replaced with the following:

2.6.2.1 Immediately following the twelve (12) month anniversary of the Closing Date, the parties shall cause the Deposit Agent to release to the Sellers, in accordance with each Seller’s Pro Rata Share, or among the Sellers as the Sellers shall collectively direct Purchaser in writing signed by each of the Sellers, any remaining portion of the Cash Holdback in excess of the product obtained by multiplying (a) the sum of the amount of the Customer Loss Indemnity Cap plus the amount of any Unresolved Claims, by (b) the Cash Percentage.

2.6.2.2 Immediately following the twelve (12) month anniversary of the Closing Date, the parties shall cause the Stock Escrow Agent to release to the Sellers, in accordance with each Seller's Pro Rata Share, or among the Sellers as the Sellers shall collectively direct Purchaser in writing signed by each of the Sellers, any remaining portion of the Stock Holdback in excess of the product obtained by multiplying (a) the sum of the amount of the Customer Loss Indemnity Cap plus the amount of any Unresolved Claims, by (b) the Stock Percentage.

2.6.2.3 Within ten (10) days following the eighteen (18) month anniversary of the Closing Date, the parties shall cause the Deposit Agent to release to the Sellers, in accordance with each Seller's Pro Rata Share, or among the Sellers as the Sellers shall collectively direct Purchaser in writing signed by each of the Sellers, any remaining portion of the Cash Holdback in excess of the product obtained by multiplying (a) the amount of the Unresolved Claims, by (b) the Cash Percentage.

2.6.2.4 Within ten (10) days following the eighteen (18) month anniversary of the Closing Date, the parties shall cause the Stock Escrow Agent to release to the Sellers, in accordance with each Seller's Pro Rata Share, or among the Sellers as the Sellers shall collectively direct Purchaser in writing signed by each of the Sellers, any remaining portion of the Stock Holdback in excess of the product obtained by multiplying (a) the amount of the Unresolved Claims, by (b) the Stock Percentage.

4. Section 2.4 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

2.4 Closing Account Balance and Apportionments

2.4.1 The Sellers and the Purchaser hereby acknowledge that, at the date of Closing, certain cash will remain in the bank account set forth on ~~Schedule 3.21~~ ("Bank Account") ("Closing Account Balance").

2.4.2 The Sellers shall use reasonable endeavours to ensure that the balance of the Bank Account is not less than US\$200,000 (or such lower figure as the Purchaser has consented to, acting reasonably) in the period between Closing and 31 October 2020 or such later date as the Purchaser and the Sellers agree ("Post-Closing Period").

2.4.3 The Sellers and the Purchaser further acknowledge that the Closing Account Balance is for the account of the Sellers, subject to Article 2.4.4.1.

2.4.4 All costs, expenses and outgoings of the Business:

- 2.4.4.1 which relate to any period of time before and up to the Closing Date, including any costs, expenses and outgoings of the Business that may be incurred after the Closing Date but that are attributable to the period of time before and up to the Closing Date, shall be borne and paid by the Sellers;
- 2.4.4.2 which relate to any period of time after the Closing Date shall be borne and paid by the Purchaser; and
- 2.4.4.3 which relate to a period which falls both before and after the Closing Date shall be apportioned on a time apportioned basis (based on the number of days in the relevant period) between the Purchaser and the Sellers but with the Closing Date itself apportioned on a 50/50 basis, and each party shall duly and promptly discharge its apportioned share of such costs, outgoings and expenses and where the Sellers have made payments which relate to the Purchaser's apportioned period, such payment shall be treated as an adjustment to the Purchase Price.
- 2.4.5 All income or other amounts receivable in respect of the Business received after the Closing Date:
- 2.4.5.1 which relate to any period of time prior to and including the Closing Date, including any income or amounts receivable that may be invoiced after the Closing Date but that are attributable to the period of time before and up to the Closing Date, shall belong to and be payable to and enforceable by the Sellers, provided that until 31 October 2020 only, the amounts payable to the Sellers shall be payable to the Sellers only if they would not result in the balance of the Bank Account being less than US\$200,000 and any such payments will be in amounts of not less than US\$50,000;
- 2.4.5.2 which relate to any period of time after the Closing Date shall belong to and be payable to and enforceable by the Purchaser; and
- 2.4.5.3 which relate to a period of time which falls both prior to and after the Closing Date shall be apportioned on a time apportioned basis (based on the number of days in the relevant period but with the Closing Date itself shared on a 50/50 basis) between the Purchaser and Sellers and where income or other amounts receivable have been received by the Sellers at the Closing Date and which exceed its apportioned entitlement, it shall be treated as an adjustment to the Purchase Price, provided that this Section 2.4.5.3 shall not apply in respect of any amount in respect of Tax(es) received by one party and for which such party is required to account to a relevant Governmental Authority; and
- 2.4.5.4 each party shall account to the other for any such income or other amounts referred to at 2.4.5.3 as soon as practicable following receipt in cleared funds after the Closing Date, and in no event later than 90 days following Closing. Each party shall cooperate with the other parties and provide all documentation reasonably necessary for the parties to provide a full and accurate accounting.

2.4.6 The Purchaser shall direct and procure that the Company transfers income due to the Sellers as a result of Article 2.4.5.1 or Article 2.4.5.3, less the costs referred to in Article 2.4.4.1 or Article 2.4.4.3, as the Sellers shall collectively direct Purchaser in writing signed by each of the Sellers:

2.4.6.1 subject to Article 2.4.5.1, at any time during the Post-Closing Period; or

2.4.6.2 at any time from the expiry of the Post-Closing Period.

5. Except as expressly modified by this Amendment, all terms, conditions, and provisions of the Purchase Agreement shall remain unaltered, and the parties hereby ratify the Purchase Agreement, as amended hereby, and agree that the Purchase Agreement shall remain in full force and effect.

6. This Amendment shall be governed by the Laws of the State of Delaware, without regard to the conflict of Laws principles thereof.

7. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute a single agreement.

IN WITNESS WHEREOF, each of the parties has executed this Amendment as of the Effective Date.

PURCHASER:

GALAXY GAMING, INC.

By: _____
Name: _____
Its: _____

LEGAL OWNER:

BOSTON NOMINEES LIMITED

By: _____
Name: _____
Its: _____

SELLERS:

PROGRESSIVE GAMES LICENSING LLC

By: _____
Name: _____
Its: _____

CHRIS REYNOLDS

SAM WILLIAMS

Signature Page to First Amendment to Membership Interest Purchase Agreement



Galaxy Gaming Closes Acquisition of Progressive Games Partners

Deal Increases Galaxy's Footprint in iGaming

LAS VEGAS, August 24, 2020 (GLOBE NEWSWIRE) -- Galaxy Gaming, Inc. (OTCQB: GLXZ) ("Galaxy" or the "Company"), a developer and distributor of casino table games and enhanced systems, announced today that it has closed its previously announced acquisition of all of the equity interests in Progressive Games Partners LLC ("PGP"). PGP owns the exclusive worldwide online rights to a comprehensive suite of proprietary casino table games, including Galaxy's.

PGP has been in the iGaming business since 2003 and has strong relationships with many of the leading iGaming providers. The transaction is strategically advantageous to Galaxy as it increases the Company's exposure to the iGaming market, which is forecasted to see significant growth, especially in the US. The transaction is also attractive financially as it eliminates the distribution fee that Galaxy pays to PGP on Galaxy-owned games and gives Galaxy additional iGaming licensing revenue from several popular titles owned by other licensors. The Company expects the transaction to be immediately accretive to earnings per share.

Executive Comments

"The world has changed dramatically since we signed the purchase agreement for this deal back in February," stated Todd Cravens, Galaxy's President and CEO. "Our casino clients in the physical world have been very hard-hit by the COVID-19 crisis and are generally struggling to get back to business levels they enjoyed before the lockdowns. By contrast, the iGaming business was a significant beneficiary of the shutdown, with US revenues in the second quarter of 2020 increasing 250% over the prior year. We believe that more US states will consider legalizing iGaming as a way to prevent the tax revenue losses that occur when brick-and-mortar casinos are closed. We look forward to working more closely with our iGaming operators as we bring our existing library and our pipeline of new products online."

"Galaxy has a great opportunity with the acquisition of PGP," said Chris Reynolds, who has been at the helm as PGP's CEO since its inception. "Many of the titles that are in the PGP portfolio originated in the US land-based world. Since US iGaming operators will want to offer to their online patrons many of the same games that are popular in the physical world, there should be good adoption of the PGP content in the US. I look forward to working with Todd and the rest of the Galaxy team in serving the rapidly growing US iGaming market while maintaining the strong relationships we have in the UK and Europe."

Forward-Looking Statements

Certain statements in this release may constitute forward-looking statements, which involve a number of risks and uncertainties. Galaxy cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information due to a number of factors, including those listed from time to time in reports that Galaxy files with the Securities and Exchange Commission.

About Galaxy Gaming

Headquartered in Las Vegas, Nevada, Galaxy Gaming (galaxygaming.com) develops and distributes innovative proprietary table games, state-of-the-art electronic wagering platforms and enhanced bonusing systems to land-based, riverboat, cruise ships and online casinos worldwide. Through its iGaming partner Progressive Games Partners LLC, Galaxy Gaming licenses its proprietary table games to the online gaming industry. Galaxy's games can be played online at FeelTheRush.com. Connect with Galaxy on [Facebook](#), [YouTube](#) and [Twitter](#).

Contact:

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