



BRAGG GAMING GROUP INC.

INTERIM UNAUDITED CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS

Three-month and nine-month periods ended
September 30, 2019 and September 30, 2018

Notice for National Instrument 51-102

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed consolidated financial statements; they must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying interim unaudited condensed consolidated financial statements of the Company have been prepared and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Bragg Gaming Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited) (Expressed in Canadian Dollars)

	As at September 30, 2019	As at December 31, 2018
	\$	\$
ASSETS		
Current assets		
Cash	1,333,799	8,571,701
Trade and other receivables	6,830,837	6,414,785
Prepaid expenses, deposits and other assets	629,860	458,588
	8,794,496	15,445,074
Equipment, net of depreciation	234,136	292,520
Right-of-use assets (Note 11)	1,287,970	-
Intangible assets (Note 7)	23,127,974	23,163,248
Goodwill (Note 3)	31,189,508	31,911,945
	64,634,084	70,812,787
Assets classified as held for sale (Note 5)	1,512,835	-
	66,146,919	70,812,787
LIABILITIES		
Current liabilities		
Trade payables and accrued liabilities	10,306,726	12,453,083
Deferred revenue	-	33,367
Loans payable	300,511	151,029
Lease payable (Note 11)	284,113	-
Current taxes	-	156,759
Deferred consideration (Note 3 and 12)	-	3,037,952
Contingent Consideration (Note 3 and 12)	15,331,652	-
	26,223,002	15,832,190
Loans payable - non-current	-	434,235
Lease payable - non-current (Note 11)	1,021,822	-
Deferred taxes	2,583,698	2,583,698
Contingent consideration - non-current (Note 3 and 12)	16,972,677	27,095,189
	46,801,199	45,945,312
Liabilities classified as held for sale (Note 5)	2,201,815	-
	49,003,014	45,945,312
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital (Note 8 and 12)	59,440,546	51,824,468
Warrants (Note 8 and 16)	4,672,130	918,764
Special warrants (Note 8 and 16)	-	11,818,013
Special warrants - broker compensation options (Note 8 and 16)	-	1,021,246
Special warrant compensation options (Note 8 and 16)	1,021,246	-
Contributed surplus	16,656,282	13,984,121
Deficit	(64,547,321)	(54,594,712)
Accumulated other comprehensive loss	(98,978)	(104,425)
	17,143,905	24,867,475
	66,146,919	70,812,787

GOING CONCERN (Note 1)

ON BEHALF OF THE BOARD:

"Dominic Mansour"

"Akshay Kumar"

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bragg Gaming Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (unaudited)

(Expressed in Canadian Dollars)

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	\$	\$	\$	\$
Revenue (Note 13)	9,996,049	-	28,006,658	-
Cost of revenue (excluding depreciation and amortization)	5,695,996	-	15,426,203	-
Gross profit (excluding depreciation and amortization)	4,300,053	-	12,580,455	-
Expenses				
General and administrative (Note 6)	(4,196,700)	-	(19,446,421)	-
Sales and marketing	(220,832)	-	(527,992)	-
Operating loss	(117,479)	-	(7,393,958)	-
Net financing charges (Note 6)	(11,371)	-	(35,862)	-
Loss before income taxes	(128,850)	-	(7,429,820)	-
Income tax expense (Note 14)	(58,156)	-	(176,157)	-
Net loss from continuing operations	(187,006)	-	(7,605,977)	-
Net loss from discontinued operations (Note 5)	(129,507)	(11,428,616)	(2,279,976)	(27,206,759)
NET LOSS	(316,513)	(11,428,616)	(9,885,953)	(27,206,759)
Cumulative translation adjustment	12,260	-	(74,317)	-
Cumulative translation adjustment due to discontinued operations (Note 5)	(1,929)	101,254	80,689	(255,703)
NET LOSS AND COMPREHENSIVE LOSS	(306,182)	(11,327,362)	(9,879,581)	(27,462,462)
Basic and diluted net loss per share from continuing operations (Note 9)	(0.00)	-	(0.11)	-
Basic and diluted net income per share from discontinued operations (Note 9)	(0.00)	(0.40)	(0.03)	(0.95)
Weighted average number of shares - basic and diluted	78,016,024	28,676,670	70,679,628	28,599,747

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bragg Gaming Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

For the nine months ended September 30, 2018 and nine months ended September 30, 2019

(Expressed in Canadian Dollars)

	Common Shares Number	Common Shares \$	Warrants \$	Special Warrants \$	Special Warrants - Agents Compensation Warrants \$	Special Warrant Compensation Options \$	Contributed Surplus \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total Shareholders' Equity \$
Balance, January 1, 2018	27,676,670	32,987,987	5,535,504	-	-	-	4,239,035	317,849	(19,031,925)	24,048,450
Shares issued related to financing on January 23, 2018, net of issuance costs	1,000,000	2,985,000								2,985,000
Stock-based compensation							3,332,933			3,332,933
Cumulative translation adjustment								(255,703)		(255,703)
Net loss from discontinued operations for the period									(27,206,759)	(27,206,759)
Balance, September 30, 2018	28,676,670	35,972,987	5,535,504	-	-	-	7,571,968	62,146	(46,238,684)	2,903,921
Balance, January 1, 2019	50,805,048	51,824,468	918,764	11,818,013	1,021,246	-	13,984,121	(104,425)	(54,594,712)	24,867,475
Shares issued as settlement of deferred consideration (Note 12)	2,000,000	470,000								470,000
Conversion of 27,058,802 special warrants to 27,058,802 shares and 27,058,802 warrants on March 14, 2019 (Note 8 and 16)	27,058,802	7,146,078	4,671,935	(11,818,013)						-
Expiry of 756,250 warrants (Note 16)			(918,569)				918,569			-
Conversion of 1,801,784 Agents Special Warrant Compensation Options to Agent Compensation Options on March 14, 2019 (Note 8 and 16)					(1,021,246)	1,021,246				-
Stock-based compensation							1,753,592			1,753,592
Impact of change in accounting policy (Note 11)								(925)	(66,656)	(67,581)
Cumulative translation adjustment								6,372		6,372
Net loss from continuing operations for the period									(7,605,977)	(7,605,977)
Net loss from discontinued operations for the period									(2,279,976)	(2,279,976)
Balance, September 30, 2019	79,863,850	59,440,546	4,672,130	-	-	1,021,246	16,656,282	(98,978)	(64,547,321)	17,143,905

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Bragg Gaming Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited) (Expressed in Canadian Dollars)

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	\$	\$
CASH FLOWS FROM:		
OPERATING ACTIVITIES		
Net loss for the period from continuing operations	(7,605,977)	-
Net loss for the period from discontinued operations	(2,279,976)	(27,206,759)
Items not affecting cash		
Amortization of intangible assets <i>(Note 7)</i>	2,125,548	850,661
Depreciation of property, equipment and right-of-use assets	485,484	33,299
Accretion of long-term debt	16,851	-
Interest	60,112	11,579
Stock-based compensation	1,753,592	3,332,933
Gain on disposal of equipment	(3,166)	(19,395)
Loss on changes in fair value of held for sale assets <i>(Note 5)</i>	192,936	-
Impairment of goodwill	-	20,578,860
Gain on remeasurement of deferred consideration <i>(Note 3)</i>	(984,266)	-
Loss on remeasurement of contingent consideration <i>(Note 3)</i>	5,209,140	-
Net change in working capital <i>(Note 10)</i>	(2,218,186)	(440,022)
Cash used in operating activities	(3,247,908)	(2,858,844)
FINANCING ACTIVITIES		
Repayment of debentures	-	(345,000)
Repayment of loans	(265,857)	-
Proceeds from private placement, net of issuance costs	-	2,985,000
Lease payments <i>(Note 11)</i>	(391,642)	-
Cash (used in) provided by financing activities	(657,499)	2,640,000
INVESTING ACTIVITIES		
Purchase of equipment	(143,063)	(155,143)
Proceeds for sale of equipment	-	-
Additions in intangible assets <i>(Note 7)</i>	(2,186,558)	(695,403)
Deferred consideration paid upon business combination <i>(Note 12)</i>	(955,020)	-
Cash used in investing activities	(3,284,641)	(850,546)
EFFECT OF CURRENCY TRANSLATION	(47,852)	(65,981)
DECREASE IN CASH FOR THE PERIOD	(7,237,900)	(1,135,371)
CASH, BEGINNING OF PERIOD	8,571,701	1,760,301
CASH, END OF PERIOD	1,333,799	624,930

The accompanying notes are an integral part of these interim condensed consolidated financial statements

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

1. BASIS OF PRESENTATION AND GOING CONCERN

Nature of operations

Bragg Gaming Group. ("Bragg", "BGG", the "Company" or together with its subsidiaries the "Group") is primarily a B2B online gaming technology business. Oryx Gaming was acquired by BGG in December 2018.

Bragg's portfolio includes Oryx Gaming, a B2B gaming technology platform and casino content aggregator. Additionally the Group owns Online Media assets of GIVEMESPORT, a Facebook Sport Publisher and GIVEMEBET, a UK-focused sportsbook.

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

Oryx Gaming

Oryx Gaming is a B2B gaming solution provider. Oryx offers a turnkey solution, including an omni-channel retail, online and mobile iGaming platform, as well as an advanced content aggregator, sportsbook, lottery, marketing and operational services.

Oryx is incorporated in the State of Delaware and headquartered in Las Vegas. Its primary operations are provided through its wholly owned subsidiaries in Malta, Cyprus and Slovenia.

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

1. BASIS OF PRESENTATION AND GOING CONCERN (continued)

Acquisition of Oryx Gaming

On December 20, 2018, the Company completed a business combination transaction with AA Acquisition Group Inc. ("AAA") by way of a "three-cornered amalgamation" whereby the Company acquired all of the issued and outstanding securities of AAA in exchange for the issuance to AAA shareholders of 20,999,994 Common Shares of the Company on a pro-rata basis amongst AAA shareholders, and whereby AAA amalgamated with a wholly-owned subsidiary of the Company. Upon completion of the Amalgamation, all of the property, rights, privileges and assets of AAA have continued as the property rights, privileges and assets of the amalgamated entity, Bragg Oryx Holdings Inc., a wholly owned subsidiary of the Company.

AAA was a special purpose vehicle incorporated on April 12, 2018 under the Ontario Business Corporations Act, with the primary purpose of acquiring share capital, trade and assets of Oryx Gaming International LLC ("Oryx" or "Oryx Gaming"), and its wholly-owned subsidiaries. On December 20, 2018, AAA acquired all of the issued and outstanding membership interests of Oryx (the "Oryx Acquisition").

Acquisition of Win Gaming

On April 30, 2019, the Company completed an acquisition transaction whereby it acquired 100% interest in WIN Gaming Limited ("WIN") in exchange for cash consideration of EUR €65,923. The purpose of the acquisition was to acquire WIN's remote gaming licence issued by the Malta Gaming Authority. WIN is a private limited liability company incorporated in Malta.

Classification of Online Media Division assets as available for sale and operations as discontinued.

In June 2019, the Company made the decision to initiate a Strategic Review of the exit the Online Media business unit with a view to exit this business which included an active program to locate a buyer for its GIVEMESPORT and GIVEMEBET products. The associated assets and liabilities within the disposal group were consequently presented as held for sale and the net loss attributable to the Online Media division was reclassified as a discontinued operation in the unaudited interim condensed consolidated financial statements.

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

1. BASIS OF PRESENTATION AND GOING CONCERN (continued)

Going Concern

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

As at September 30, 2019, the Company had current assets of \$8,794,496 (December 31, 2018 - \$15,445,074) to cover current liabilities of \$26,223,002 (December 31, 2018 - \$15,832,190). Adjusting current liabilities to exclude contingent consideration, as these are expected to be satisfied from future equity or capital raises, current liabilities decreases to \$10,891,350. The Company has a cumulative deficit of \$64,547,321 (December 31, 2018 – \$54,594,712). The Company's continued existence is dependent upon the achievement of profitable operations and generating positive cash flows from operations. To date, management has been successful in raising additional capital through equity or debt financings, however the Company cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities.

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The Company prepares its unaudited interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) using the accounting policies described herein as issued by International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. These unaudited interim condensed consolidated financial statements are in compliance with International Financial Reporting Standards 34 “Interim Financial Reporting” (IAS 34). The unaudited interim condensed consolidated financial statements do not include all of the information required for annual audited consolidated financial statements and should be read in conjunction with the Company’s consolidated financial statements for the period ended December 31, 2018.

These unaudited interim condensed consolidated financial statements include the accounts of the Company and the subsidiaries over which the Company has control. The unaudited interim condensed consolidated financial statements are prepared on a going concern basis, under the historical cost convention except for the revaluation of certain financial assets and liabilities to fair value. All financial information is presented in Canadian dollars, unless otherwise noted.

The accompanying unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 11, 2019.

Recent accounting pronouncement

IFRS 16 - Leases

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

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

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncement (continued)

IFRS 16 – Leases (continued)

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

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

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

- Assess whether fulfilment of the agreement was dependent on the use of specific assets; and
- Assess whether the arrangement conveyed the right to use the asset if one of the following was met:
 - The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output;
 - Circumstances indicated that it was unlikely that third parties would take more than an insignificant amount of the output, and the price per unit was not fixed per unit of output and not equal to the current market price per unit of output.

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncement (continued)

IFRS 16 – Leases – As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

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

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncement (continued)

IFRS 16 – Leases – As a lessee (continued)

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

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

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

IFRS 3 - Business Combinations (Amendment)

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

The amendments were effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 with earlier application permitted. Effective January 1, 2019, the Company adopted the amendments to IFRS 3 *Business Combinations* and assessed various asset purchase transactions entered into during the year to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncement (continued)

IFRS 3 - Business Combinations (Amendment) (continued)

The Company has determined the acquisition which took place in the prior period relating to the acquisition of Oryx Gaming LLC in December 2018, as described in Note 3, met and continues to meet the definition of a business and therefore has been accounted as a business combination.

Based on the clarification related to the definition of a business the Company has determined the acquisition of Win Gaming in the April 2019, described in Note 4, meets the criteria to be classified as an asset acquisition.

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

3. ACQUISITION OF Oryx GAMING INTERNATIONAL LLC (“Oryx”) IN DECEMBER 2018

The Company completed the acquisition of Oryx Gaming International LLC (together with its subsidiaries, “Oryx”) on December 20, 2018.

Fair value of goodwill

Fair value allocations of the purchase price paid are unchanged from that which was reported in the consolidated financial statements for the nine-month period ended December 31, 2018. The value of deferred consideration has been remeasured and reduced by \$722,437 due to the finalization of the working capital adjustment (compared with the estimated value ascribed to it by Oryx management prior to the transaction closing) which resulted in a corresponding reduction in goodwill as shown below.

	Balances as originally reported	Measurement period adjustment	Adjusted balances
	\$	\$	\$
Common shares	15,119,996	-	15,119,996
Cash	6,350,772	-	6,350,772
Deferred consideration	3,037,952	(722,437)	2,315,515
Contingent consideration	27,095,189	-	27,095,189
Total purchase price	51,603,909	(722,437)	50,881,472
Brand	2,123,520	-	2,123,520
Customer relationships	7,668,994	-	7,668,994
Intellectual property	13,446,245	-	13,446,245
Cash	578,546	-	578,546
Accounts receivable	5,400,396	-	5,400,396
Prepaid expenses and deposits	254,993	-	254,993
Equipment	187,598	-	187,598
Accounts payable and accrued liabilities	(6,806,124)	-	(6,806,124)
Loan	(578,506)	-	(578,506)
Deferred tax liabilities arising on acquisition of intangible assets	(2,583,698)	-	(2,583,698)
Fair value of assets acquired, and liabilities assumed	19,691,964	-	19,691,964
Fair value of goodwill	31,911,945	(722,437)	31,189,508

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

3. ACQUISITION OF Oryx GAMING INTERNATIONAL LLC (“Oryx”) IN DECEMBER 2018 (continued)

Fair value of goodwill (continued)

As the acquisition is within the remeasurement period under IFRS 10, it continues to be refined. The Company continues to gather additional information to finalize the fair value of intangible assets and goodwill acquired.

Remeasurement of deferred consideration

For the three months and nine months ended September 30, 2019, a gain on remeasurement of deferred consideration of \$330,000 and \$984,266, respectively has been recognized in the interim condensed consolidated statements of loss and comprehensive loss. This is as a result of the Oryx Acquisition where 2,000,000 common shares were to be issued to the vendor of Oryx. Within Q2 2019, an additional cash payment (and a corresponding loss on deferred consideration) of \$488,339 (€328,031) was due to the vendor of Oryx as value of the Company's shares traded below the deemed issuance price. However, this has been offset by a gain of remeasurement of deferred consideration for the three months and nine months ended September 30, 2019 of \$330,000 and \$1,472,605, respectively, resulting from the remeasurement of the fair value of these 2,000,000 common shares which were officially recorded on the Company's share register on September 23, 2019 when the closing market share price of the Company was \$0.235.

Remeasurement of contingent consideration

For the three months ended September 30, 2019, a gain on remeasurement of contingent consideration due to the former owner of Oryx of \$317,210 and for the nine months ended September 30, 2019 a loss on remeasurement of contingent consideration of \$5,209,140 has been recognized in the interim condensed consolidated statements of loss and comprehensive loss (three months and nine months ended September 30, 2018 - \$nil). This is a result of greater certainty in the forecasting of 2019 EBITDA and, in turn, the year 1 earnout due to the Oryx vendors, combined with the unwinding of the discounted cashflows to arrive at the discounted contingent consideration and updating the EUR/CAD foreign exchange rate as at September 30, 2019.

Pro-forma revenues and net profit/(loss) for the comparative periods in 2018.

On a pro-forma basis, if the acquisition of Oryx had occurred on July 1, 2018 then Oryx would have generated revenue of \$7,720,399 and net profit of \$76,761 for the three months ended September 30, 2018.

On a pro-forma basis, if the acquisition of Oryx had occurred on January 1, 2018 then Oryx would have generated revenue of \$20,513,477 and net profit of \$2,333,590 for the nine months ended September 30, 2018.

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4. ASSET ACQUISITION TRANSACTION

The Company completed the acquisition of Win Gaming Limited (“WIN”) on April 30, 2019 whereby it acquired all of the ordinary shares of WIN Gaming Limited (“WIN”) in exchange for cash consideration of EUR €65,923. The purpose of the acquisition was to acquire WIN’s remote gaming licence issued by the Malta Gaming Authority.

The Company has applied IFRS 3 *Business Combinations* and assessed the transaction as an asset acquisition. The gaming licence asset acquisition has been recognised as intangible asset with a fair value of \$192,218.

5. DISCONTINUED OPERATION

In June 2019, the Company made the decision to undertake a strategic review with a view to explore options for the Online Media business and initiated an active program to locate a buyer(s) for its GIVEMESPORT and GIVEMEBET products as these verticals were non-core to the Group. The associated assets and liabilities within the disposal group were consequently presented as held for sale and the net loss attributable to the Online Media division was reclassified as a discontinued operation in the unaudited interim condensed consolidated financial statements.

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at September 30, 2019.

	As at September 30, 2019	As at December 31, 2018
	\$	\$
Equipment, net of depreciation	68,732	-
Intangible assets, net of amortization	307,309	-
Right-of-use assets	646,905	-
Trade and other receivables	384,754	-
Prepaid expenses, deposits and other assets	105,135	-
Assets classified as held for sale	1,512,835	-
Trade payables and accrued liabilities	1,209,403	-
Lease payable	992,412	-
Current liabilities classified as held for sale	2,201,815	-

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5. DISCONTINUED OPERATION (continued)

Financial performance and cash flow information

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	\$	\$	\$	\$
Revenue	616,530	2,162,051	2,808,569	8,962,562
Cost of revenue (excluding depreciation and amortization)	13,685	1,271,882	934,292	4,552,138
Gross profit (excluding depreciation and amortization)	602,845	890,169	1,874,277	4,410,424
Expenses				
Salaries and subcontractors	465,981	1,445,133	2,188,410	3,870,315
Professional fees	18,854	70,335	103,199	287,355
Other operational costs	203,889	553,379	1,033,611	1,668,973
Stock-based compensation	(32,612)	701,715	350,155	3,332,933
Transaction and acquisition costs	-	-	-	96,799
Foreign exchange (gain) / loss	(1,806)	7,307	5,818	213,345
Gain on sale of equipment	-	-	(3,166)	(19,395)
Loss on changes in fair value of held for sale assets	(19,500)	-	192,936	-
Impairment of goodwill	-	9,280,510	-	20,578,860
Amortization of intangible assets (Note 7)	47,799	171,911	47,799	850,661
Depreciation of equipment	73,691	14,627	231,509	33,299
Sales and marketing	(39,538)	73,868	139,140	692,459
Interest and financing fees	12,183	-	41,101	11,579
Total expenses	728,941	12,318,785	4,330,512	31,617,183
Loss before income taxes	(126,096)	(11,428,616)	(2,456,235)	(27,206,759)
Income tax credit (note 13)	(3,411)	-	176,259	-
Net loss from discontinued operations	(129,507)	(11,428,616)	(2,279,976)	(27,206,759)
Cumulative translation adjustment	(1,929)	101,254	80,689	(255,703)
Net loss and comprehensive loss from discontinued operations	(131,436)	(11,327,362)	(2,199,287)	(27,462,462)

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5. **DISCONTINUED OPERATION (continued)**

Financial performance and cash flow information (continued)

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	\$	\$
Cash provided by (used in) operating activities	113,684	(2,858,844)
Cash (used in) provided by financing activities	(204,439)	2,640,000
Cash used in investing activities	(355,108)	(850,546)
Effect of currency translation	49,974	(65,981)
Decrease in cash from discontinued operation	(395,889)	(1,135,371)

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6. **EXPENSES CLASSIFIED BY NATURE IN CONTINUING OPERATIONS**

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	\$	\$	\$	\$
General and administrative				
Salaries and subcontractors	3,777,998	-	7,138,180	-
Professional fees	(857,508)	-	1,292,098	-
Other operational costs	958,018	-	2,915,261	-
Stock-based compensation	126,922	-	1,403,437	-
Transaction and acquisition costs	-	-	25,537	-
Foreign exchange loss	48,197	-	115,310	-
Gain on remeasurement of deferred consideration <i>(Note 3)</i>	(330,000)	-	(984,266)	-
(Gain) / Loss on remeasurement of contingent consideration <i>(Note 3)</i>	(317,210)	-	5,209,140	-
Amortization of intangible assets <i>(Note 7)</i>	705,001	-	2,077,749	-
Depreciation of property and equipment	85,282	-	253,975	-
	4,196,700	-	19,446,421	-
Net financing charges				
Accretion on long-term debt	3,874	-	16,851	-
Interest and financing fees	7,497	-	19,011	-
	11,371	-	35,862	-

Within the three months ended September 30, 2019, expenditure of \$1,781,720 which was previously classified with 'Professional fees' in relation to consultancy payments has been reclassified to 'Salaries and Subcontractors'.

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7. INTANGIBLE ASSETS

	Intellectual Property	Customer Relationships	Brand	Gaming Licence	Development Costs	Patents	Total
Cost	\$	\$	\$	\$	\$	\$	\$
As at March 31, 2018	2,600,000	-	-	-	573,551	110,055	3,283,606
Acquired through business combination (Note 3)	13,446,245	7,668,994	2,123,520	-	-	-	23,238,759
Additions	-	-	-	-	174,409	12,899	187,308
Impairment	(2,600,000)	-	-	-	(740,271)	(36,154)	(3,376,425)
Disposal	-	-	-	-	-	(86,800)	(86,800)
Foreign currency translation	-	-	-	-	(7,689)	-	(7,689)
As at December 31, 2018	13,446,245	7,668,994	2,123,520	-	-	-	23,238,759
Acquired through asset acquisition transaction (Note 4)	-	-	-	192,218	-	-	192,218
Additions	1,831,450	-	-	-	-	-	1,831,450
Additions – discontinued operations	-	-	-	-	355,108	-	355,108
As at September 30, 2019	15,277,695	7,668,994	2,123,520	192,218	355,108	-	25,617,535
Accumulated Amortization							
As at March 31, 2018	504,329	-	-	-	24,996	23,973	553,298
Amortization	307,221	21,970	6,320	-	158,856	11,986	506,353
Impairment	(764,329)	-	-	-	(183,449)	(15,601)	(963,379)
Disposal	-	-	-	-	-	(20,358)	(20,358)
Foreign currency translation	-	-	-	-	(403)	-	(403)
As at December 31, 2018	47,221	21,970	6,320	-	-	-	75,511
Amortization	1,342,644	575,882	159,223	-	-	-	2,077,749
Amortization – discontinued operations	-	-	-	-	47,799	-	47,799
Foreign currency translation	(18,807)	-	-	-	-	-	(18,807)
As at September 30, 2019	1,371,058	597,852	165,543	-	47,799	-	2,182,252
Net Book Value							
As at December 31, 2018	13,399,024	7,647,024	2,117,200	-	-	-	23,163,248
As at September 30, 2019	13,906,637	7,071,142	1,957,977	192,218	-	-	23,127,974
As at September 30, 2019 – discontinued operations	-	-	-	-	307,309	-	307,309

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8. EXERCISE OF SPECIAL WARRANTS AND SPECIAL WARRANT COMPENSATION OPTIONS

On March 11, 2019, the Company obtained a receipt in each of the provinces of British Columbia, Alberta and Ontario for a final short form prospectus to qualify the distribution of 27,058,802 units of the Company (the "Units"), the Unit shares, the warrants and the compensation options (each as hereinafter defined, collectively the "Underlying Securities").

The Units were issued on March 14, 2019 upon deemed exercise of the Special Warrants, being the date that is three business days from obtaining the receipt of the Prospectus and constituting the "Automatic Exercise Date" as defined in the Agency Agreement. Each Unit consists of one (1) common share in the capital of the Company (each, an "Unit Share") and one (1) common share purchase warrant (each, a "Warrant"), with each Warrant being exercisable into one (1) common share in the capital of the Company (a "Warrant Share") until November 29, 2020, at a price of \$0.76.

During the nine months to September 30, 2019, as a result of the exercise of the Special Warrants, the fair value ascribed to it of \$11,818,013 was attributed based on the fair value of the underlying instruments on the day of exercise. This results in 60.5% being ascribed to Unit Shares and 39.5% being ascribed to Warrants. This resulted in an increase in common shares of \$7,146,078 and an increase in warrants of \$4,671,935. The Unit Shares were valued at \$0.61 being the closing price on the day prior to the exercise. The Warrants were valued using a Black-Scholes valuation assuming an exercise price of \$0.76, a volatility of 142% and a risk-free rate of 1.94%.

Further, on March 14, 2019, each 1,601,784 Special Warrant Compensation Options of the Agents were converted, upon deemed exercise and without payment of any additional consideration into one compensation option of the Company (a "Compensation Option"). Each Compensation Option issued to the Agents entitles the holder thereof to acquire one unit (a "Compensation Option Unit") at the exercise price of \$0.51 per Compensation Option Unit for a period of 24 months following the Closing Date, each Compensation Option Unit being comprised of one Common Share (a "Compensation Option Share") and one Warrant (a "Compensation Option Warrant"). Each Compensation Option Warrant shall entitle the holder thereof to purchase one Warrant Share (a "Compensation Option Warrant Share") at a price of \$0.76 at any time before November 29, 2020.

During the nine months to September 30, 2019, as a result of the conversion of Special Warrant Compensation Option of the Agents, an increase in Agent Compensation Options of \$1,021,246 and a corresponding decrease in 'Special Warrants – Agents Compensation Warrants' was recognized. This is the value that was ascribed to the 'Special Warrants – Agents Compensation Warrants' when they were issued on November 29, 2018 calculated using a Black-Scholes valuation assuming an exercise price of \$0.51, a volatility of 117% and a risk-free rate of 1.94%.

9. NET LOSS PER SHARE

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

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10. SUPPLEMENTARY CASH FLOW INFORMATION

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	\$	\$
(Increase) decrease in trade and other receivables	(1,206,360)	103,792
Increase in prepaid expenses, deposits and other assets	(305,278)	(42,218)
Decrease in trade payables and accrued liabilities	(706,548)	(501,596)
	(2,218,186)	(440,022)

Supplemental non-cash items;

- Common shares issued for exercise of Special Warrants of \$7,146,078 (Nine months ended September 30, 2018 - \$nil)
- Fair-value of 2 million common shares issued upon settlement of deferred consideration of \$470,000 (Nine months ended September 30, 2018 - \$nil)

11. ADOPTION OF NEW ACCOUNTING STANDARDS – IFRS 16 LEASES

As referenced in note 2, the Company adopted IFRS 16 *Leases* on January 1, 2019. The impact of the Company's transition to IFRS 16 is summarized below.

The Company identified two office leases in the UK and Slovenia as meeting the criteria for recognition under IFRS 16. An incremental borrowing rate of 5% and 2.62% was applied to the UK and Slovenia leases respectively. The table below illustrates the impact of adoption of IFRS 16 to the interim unaudited condensed consolidated statement of financial position as at January 1, 2019:

	Original January 1, 2019 (IAS 17)	Adjustment on adoption of IFRS 16	January 1, 2019 (IFRS 16)
	\$	\$	\$
Right-of-use assets	-	1,812,755	1,812,755
Net impact on total assets		1,812,755	1,812,755
Lease payable	-	(426,940)	(426,940)
Lease payable – non-current	-	(1,548,722)	(1,548,722)
Trade payables and accrued liabilities	(7,780,750)	95,327	(7,685,423)
Net impact on total liabilities		(1,880,335)	
Deficit	54,594,712	66,656	54,661,368
Accumulated other comprehensive income (loss)	(104,425)	925	(103,500)

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11. ADOPTION OF NEW ACCOUNTING STANDARDS – IFRS 16 LEASES (continued)

On January 1, 2019 the Company entered into an office lease agreement in Canada. On commencement of the agreement, a right-of-use asset and lease liability of \$131,595 was identified. The agreement has a minimum term of 19 months and expires July 31, 2020. An incremental borrowing rate of 4.29% has been applied.

On August 20, 2019 the Company modified the office lease agreement in Slovenia. Upon the effective date of modification of the lease, a right-of-use asset and lease liability of \$1,232,642 was identified. The modified lease agreement has a minimum term of 52 months and expires December 31, 2023 with an option to extend by an additional 24 months to December 31, 2025 which the Company is reasonably certain to exercise. An incremental borrowing rate of 2.85% has been applied.

On March 1, 2019 the Company entered into an additional office lease agreement in Slovenia. On commencement of the agreement, a right-of-use asset and lease liability of \$46,393 was identified. The agreement has a minimum term of 24 months and expires February 28, 2021. An incremental borrowing rate of 2.85% has been applied.

The table below illustrates the impact of the adoption of IFRS 16 to the unaudited interim condensed consolidated financial statements of loss and comprehensive loss for the three months and nine months ended September 30, 2019:

	Three months ended September 30, 2019	Nine months ended September 30, 2019
	\$	\$
Impact on net loss for the period		
(Increase) in depreciation of property and equipment	(224,847)	(379,756)
(Increase) in interest and financing fees	(37,744)	(60,111)
Decrease in other operational costs	244,436	412,562
(Increase) in net loss for the period	(18,155)	(27,305)
(Increase) in net loss for the period – continuing operations	(9,541)	(12,739)
(Increase) in net loss for the period – discontinued operations	(8,614)	(14,566)
Impact on net loss per share		
Decrease in basic and diluted earnings per share – continuing operations	(0.00)	(0.00)
Decrease in basic and diluted earnings per share – discontinued operations	(0.00)	(0.00)

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12. RELATED PARTY BALANCES AND TRANSACTIONS

The following balances and transactions with related parties and key management personnel are included in the accompanying interim unaudited condensed consolidated financial statements:

- a. As at September 30, 2019, the Company had \$23,900 (December 31, 2018 - \$949,716) of trade payable and accrued liabilities due to current and former directors and officers of the Company. Salaries and subcontractors' expenses incurred in the ordinary course of business with officers and directors during the three and nine months ended September 30, 2019 were \$397,416 and \$1,155,533, respectively (three months ended September 30, 2018 - \$275,594, nine months ended September 30, 2018 - \$871,005).
- b. As at September 30, 2019, the Company had \$703,997 (December 31, 2018 - \$711,838) of trade payable to a shareholder of the Company in relation to services and expenses incurred prior to the Oryx Acquisition.
- c. As at September 30, 2019, the Company had \$103,122 (December 31, 2018 - \$149,143) of amounts receivable from the vendor of Oryx Gaming International LLC.
- d. As at September 30, 2019, the Company had \$17,792 (December 31, 2018 - \$nil) of trade payable and accrued liabilities due to an entity controlled by the vendor of Oryx Gaming International LLC.
- e. In the nine months to September 30, 2019, the Company settled deferred cash consideration of \$955,020 (€639,251) to the vendor Oryx (three and nine months to September 30, 2018 - \$nil). In the same period 2,000,000 of common stock of fair-value of \$470,000 was issued to the vendor at a closing price on September 23, 2019 of \$0.235 (three and nine months to September 30, 2018 - \$nil). See Note 3 for further details.
- f. As at September 30, 2019, the Company has a fair value of contingent consideration totalling \$32,304,329 due to the vendor of Oryx Gaming International LLC (as at December 31, 2018 - \$27,095,189).

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13. SEGMENTED INFORMATION

The Company's management and chief operating decision maker reviews performance of the Company on a geographical and divisional basis. The Company had three geographical segments as at and for the three and nine months ended September 30, 2019 and three and nine months ended September 30, 2018. The Company's revenues are earned in the following geographical areas for the three and nine months ended September 30, 2019 and three and nine months ended September 30, 2018:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	\$	\$	\$	\$
Continuing operations				
North America	1,799,662	-	6,915,620	-
Europe (excluding United Kingdom)	8,196,387	-	21,091,038	-
	9,996,049	-	28,006,658	-
Discontinued operations				
North America	-	230,848	6,102	1,938,823
Europe (excluding United Kingdom)	-	16,772	-	439,823
United Kingdom	616,530	1,914,431	2,802,467	6,583,916
	616,530	2,162,051	2,808,569	8,962,562

The geographical segmentation of the Group's revenue generating customers is not correlated to the geographical location of the Group's worldwide user base.

Disaggregation of revenues

As at and for the three and nine months ended September 30, 2019, the Company had two reporting divisions – B2B Online Gaming and Online Media. B2B Online Gaming consists of services provided by Oryx and includes Oryx games, Oryx's iGaming platform and turnkey services. Online Media consists of online advertising revenues and other online media services such as social media monitoring. In June 2019 the Company made the decision to divest of the Online Media division (note 5).

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13. SEGMENTED INFORMATION (continued)

Disaggregation of revenues (continued)

The Group's revenue by division for the three and nine months ended September 30, 2019 and three and nine months ended September 30, 2018 are as follows:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	\$	\$	\$	\$
B2B Online Gaming	9,996,049	-	28,006,658	-
Online Media – discontinued operations	616,530	2,162,051	2,808,569	8,962,562
	10,612,579	2,162,051	30,815,227	8,962,562

Information about the Company's non-current assets by location of assets are detailed below:

	Right-of-use Assets		Equipment		Intangible assets		Held for sale assets	
	September 30, 2019	December 31, 2018						
	\$	\$	\$	\$	\$	\$	\$	\$
North America	69,260	-	-	7,745	13,906,636	13,399,024	-	-
Europe (excluding United Kingdom)	1,218,710	-	234,136	187,042	9,221,338	9,764,224	-	-
United Kingdom	-	-	-	97,733	-	-	1,022,946	-
	1,287,970	-	234,136	292,520	23,127,974	23,163,248	1,022,946	-

Right-of-use assets consists of assets identified upon adoption of IFRS 16 *Leases* (note 10) applying the modified retrospective approach and, therefore, no restatement of prior-period balances was required.

Held for sale assets as at September 30, 2019 consist of right-of-use assets of \$646,905, intangible assets of \$307,309 and equipment assets of \$68,732 (note 5)

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14. INCOME TAX CREDIT

In the nine months ended September 30, 2019 the Group received UK research and development tax credits of \$179,670 settled in cash and recognized an associated reduction in net loss from discontinued operations for the same amount in the nine months ended September 30, 2019 (three months ended September 30, 2019 - \$nil).

In the same three months and nine months ended September 30, 2019 the Group recognized a current income tax expense of \$58,156 and \$176,157, respectively as part of continuing operations (three months and nine months ended September 30, 2018 - \$nil).

15. SHARE OPTIONS

The Group's two Share Option Schemes are detailed below.

Fixed Stock Option Plan

The Company's shareholders have approved and adopted a Fixed Stock Option Plan (the "2018 Plan") for directors, officers, employees and consultants which permits the Company to issue Stock Options over 12,766,893 Common Shares are available for purchase upon the exercise of options awarded by the Company, including options previously awarded and outstanding under the former Stock Option Plans.

DSU Plan

The Company's shareholders have approved and adopted a Deferred Share Unit Plan (the "DSU Plan") for directors, officers and, employees which permits the Company to issue DSUs 2,500,000 Common Shares of which 1,450,000 were granted in the comparative period and 100,000 were granted on March 15, 2019 (note (a) below) These DSUs vest on the date of grant. A participant in the DSU plan is entitled to redeem their DSUs during the period commencing on the business day immediately following their termination date for a period of 90 days. Upon redemption the holder of the DSU may elect to receive:

- a cash payment equal to the number of Deferred Share Units credited to participant's account as of the termination date multiplied by the share price on the termination date;
- Common Shares purchased on the participant's behalf on the open market by a broker; or
- a percentage of the number of Deferred Share Units paid out in cash and the remaining percentage of the DSUs paid out as Common Shares or purchased on the participant's behalf on the open market by a broker.

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15. SHARE OPTIONS (continued)

Directors and Officers

The following table details outstanding options (including DSUs) as at September 30, 2019 and December 31, 2018 to Directors & Officers:

Issue date	Exercise price CDN\$	Expiry	Note	Options outstanding as at December 31, 2018	Issued	Cancelled / Lapsed / Forfeited	Exercised	Options outstanding as at September 30, 2019
Jul 04, 2017	1.90	Jul 03, 2027		1,750,000	-	-	-	1,750,000
Apr 11, 2017	3.33	May 04, 2026		46,570	-	-	-	46,570
Apr 15, 2018	1.11	Apr 14, 2028		400,000	-	-	-	400,000
Dec 27, 2018	0.56	Dec 26, 2023		1,800,000	-	-	-	1,800,000
Dec 27, 2018	nil	N/A		1,450,000	-	-	-	1,450,000
Mar 15, 2019	nil	N/A	(a)	-	100,000	-	-	100,000
Mar 15, 2019	0.56	Mar 14, 2024	(b)	-	1,000,000	-	-	1,000,000
Total				5,446,570	1,100,000	-	-	6,546,570

(a) During the nine months ended September 30, 2019 the Company granted 100,000 DSUs to newly appointed Directors of the Company. These DSUs are exercisable on termination at nil value. The following assumptions were used in the Back-Scholes pricing model: expected dividend yield of 0%, expected volatility of 142%, expected life of 5 years, risk free interest rate of 1.94%. These DSUs vest upon grant. These DSUs were granted under the DSU plan and can be exercised on the employees' termination of employment.

(b) During the nine months ended September 30, 2019 the Company granted 1,000,000 stock options to purchase common shares of the Company to new Directors and Officers of the Company. These stock options are exercisable at \$0.56 per stock option. The following assumptions were used in the Back-Scholes pricing model: expected dividend yield of 0%, expected volatility of 142%, expected life of 5 years, risk free interest rate of 1.94%. These options vest quarterly over three years in equal tranches.

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15. SHARE OPTIONS (continued)

Employees and Consultants

The following table details outstanding options as at September 30, 2019 and December 31, 2018 to employees and consultants:

Issue date	Exercise price CDN\$	Expiry	Note	Options outstanding as at December 31, 2018	Issued	Cancelled / Lapsed / Forfeited	Exercised	Options outstanding as at September 30, 2019
Nov 05, 2014	3.60	Nov 04, 2019		40,000	-	-	-	40,000
Nov 05, 2014	4.80	Nov 04, 2019		10,000	-	-	-	10,000
Mar 10, 2015	4.50	Mar 09, 2020		7,500	-	-	-	7,500
Mar 13, 2015	6.20	Mar 12, 2020		15,000	-	-	-	15,000
Mar 23, 2015	6.20	Mar 22, 2020		7,500	-	-	-	7,500
Dec 10, 2015	2.50	Dec 09, 2020		302,500	-	-	-	302,500
Apr 11, 2017	3.33	Jun 05, 2026		15,523	-	-	-	15,523
Apr 11, 2017	0.50	May 22, 2025		227,575	-	-	-	227,575
Jul 04, 2017	1.90	Jul 03, 2027		735,000	-	(80,000)	-	655,000
Nov 01, 2018	1.90	Oct 31, 2028		35,000	-	-	-	35,000
Dec 27, 2018	0.56	Dec 26, 2023		1,200,000	-	-	-	1,200,000
Feb 07, 2019	1.00	Feb 06, 2024	(c)	-	500,000	(500,000)	-	-
Aug 07, 2019	0.50	Feb 06, 2024	(c)	-	500,000	-	-	500,000
Total				2,595,598	1,000,000	(580,000)	-	3,015,598

(c) During the nine months ended September 30, 2019 a consultant was granted 500,000 stock options to purchase common shares of the Company. These stock options were exercisable at \$1.00 per stock option and expired on February 06, 2024. The following assumptions were used in the Back-Scholes pricing model: expected dividend yield of 0%, expected volatility of 143%, expected life of 5 years, risk free interest rate of 1.94%. These options vest immediately.

On August 7, 2019 these same options were cancelled upon agreement by both parties in exchange for grant of 500,000 stock options to purchase common shares of the Company at an exercise price of \$0.50. These stock options vest immediately, expire on February 06, 2024 and are deemed to have an expected dividend yield of 0%, expected volatility of 133%, expected life of 4.5 years and risk free interest rate of 1.44%.

BRAGG GAMING GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

**For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)**

16. WARRANTS

The following table summarizes activity of the Company's warrants, exercisable for common shares:

Issue date	Exercise price CDN\$	Expiry	Note	Warrants outstanding as at December 31, 2018	Issued	Cancelled / Lapsed	Exercised	Warrants outstanding as at September 30, 2019
Apr 11, 2017	7.00	Apr 11, 2019		625,000	-	(625,000)	-	-
Apr 11, 2017	4.00	Apr 11, 2019		131,250	-	(131,250)	-	-
Mar 14, 2019	0.76	Nov 29, 2020	(a)		27,058,802			27,058,802
Total				29,416,836	27,058,802	(756,250)	(28,660,586)	27,058,802

- (a) On March 14, 2019, the Special Warrants issued as part of the Oryx acquisition were converted to a Unit consisting of one common share of and one whole warrant. Each whole warrant is exercisable into a common share until November 29, 2020 at an exercise price of \$0.76 per share (note 8).

In addition, to the warrants exercisable for common shares described above, the Company has issued 1,601,784 Compensation Option. Each Compensation Option entitles the holder thereof to acquire one unit (a "Compensation Option Unit") at the exercise price of \$0.51 per Compensation Option Unit. Each Compensation Option Unit comprises of one Common Share (a "Compensation Option Share") and one Warrant (a "Compensation Option Warrant").