# FORM 51-102F3

## MATERIAL CHANGE REPORT

**Item 1 Name and Address of the Company**

Bragg Gaming Group Inc. (the "**Company**")
100 King Street West, Suite 3400
Toronto, Ontario, M5X 1A4

**Item 2 Date of Material Change**

November 18, 2020

**Item 3 News Release**

News release with respect to the material change referred to in this report was issued by the Company through Canada Newswire on November 18, 2020, and copy was subsequently filed under the Company's profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

**Item 4 Summary of Material Change**

On November 18, 2020, the Company announced that it has closed its previously announced "bought deal" short form prospectus offering of units ("**Units**") of the Company ("**Offering**") at a price of $0.70 per Unit (the "**Offering Price**") for total gross proceeds of $20,700,575, which included the exercise of the over-allotment option in full. Under the Offering, 29,572,250 Units were sold by a syndicate of underwriters including, Cormark Securities Inc. and Canaccord Genuity Corp., as co-bookrunners, Haywood Securities Inc., Paradigm Capital Inc. and Eight Capital (collectively, the "**Underwriters**").

Each Unit consists of one common share in the capital of the Company (a "**Common Share**") and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will entitle the holder to purchase one Common Share at a price of $1.00 at any time prior to 4:30 p.m. (Toronto time) on the date that is 36 months following the closing of the Offering. At the Company's option, if the Company's daily volume weighted average Common Share price is greater than $1.50 for at least ten consecutive trading days, then the Company may accelerate the exercise period of the Warrants to a period ending at least 30 days from the date notice of such acceleration is provided to the holders of Warrants. To exercise this option, the Company must provide written notice to the holders of the Warrants, supplemented by a news release that sets out the accelerated expiry date.

The Company also announced that, further to its news releases of September 30, 2020 and November 7, 2020, the second and final earn-out payment of €22 million (approximately C$34,289,200) owing to K.A.V.O. Holdings Limited ("**KAVO**"), will be converted into Common Shares by January 31, 2021, at a deemed conversion price of $0.73, being 47,000,000 Common Shares, or otherwise paid in cash by December 1, 2021. The satisfaction of the second and final earn-out payment is subject to certain conditions, including receiving disinterested shareholder approval for the creation of KAVO (and its associates and affiliates, including Matevž Mazij) as a "control person" of the Company, being a holder of greater than 20% of the voting rights of the Company's outstanding securities (the "**Transaction**"). The Company intends to seek disinterested shareholder approval for the creation of KAVO as a "control person" at the Company's annual and special meeting to be held on November 27, 2020 ("**Meeting**"). Further details with respect to the Transaction are included in the management information circular dated October 29, 2020 in connection with the Meeting. Following the completion of the Transaction, the KAVO will hold 49,000,000 Common Shares, being, as of this news release, 30.5% of the outstanding Common Shares of the Company on a non-diluted basis or 30.4% of the outstanding Common Shares of the Company on a fully-diluted basis.

**Item 5.1 Full Description of Material Change**

As consideration for their services, the Underwriters received a cash commission equal to 6.0% of the gross proceeds of the Offering. As additional consideration, the Company issued a total of 1,774,335 broker warrants to the Underwriters. Each broker warrant is exercisable into one Unit at the Offering Price for a period of 3 years from the closing of the Offering.

The Company intends to use the net proceeds of the Offering to satisfy a portion of the outstanding the first earn-out payment to KAVO in partial consideration for a previously completed acquisition of all of the issued and outstanding membership interests of its principal subsidiary, Oryx Gaming International LLC, a turnkey gaming solution supplier ("**Oryx**").

<u>Disclosure Required by MI 61-101</u>

Matevž Mazij is the managing director of Oryx, of which the Company is a control person, and as a result thereof, the Transaction is a "related party transaction" under the provisions of Multilateral Instrument 61-101 – Protection of Minority Securityholders in Special Transactions ("**MI 61-101**") and therefore, is subject to majority of the minority shareholder approval. The disinterested shareholder approval will also constitute majority of the minority shareholder approval for purposes of MI 61-101. As the Common Shares are listed on the TSXV, the Transaction is exempt from the valuation requirement as described in section 5.5(b) of MI 61-101. There are no prior valuations in respect of the Company or the Common Shares and neither the board of directors of the Company ("**Board**") nor the officers of the Company are aware of the existence of any such valuation.

No special committees of the Board were established in connection with the Transaction, there were no conflicted directors, no materially contrary view or abstention was expressed or made by any director. The Board believes that the Transaction is in the best interest of the Company. The Board based its recommendation upon the totality of information presented to it and considered by it in light of its knowledge of the business, financial conditions and prospects of the Company, after having undertaken a thorough review of, and having carefully considered the terms of the Transaction.

The following summary of the information and factors considered by the Board is not intended to be exhaustive but includes a summary of the material information considered in connection with the consideration of the Transaction:

- Contingent Liabilities: The completion of the Transaction would effectively remove the vast majority of the Company's contingent liabilities from its balance sheet, which was otherwise due in cash.

- Security Discharge: As a result of the Transaction, the security against Oryx in favour of KAVO will be discharged giving the Company flexibility to pursue further financing.

- Expands Strategic Relationship with Matevž Mazij: There is positive value of having Matevž Mazij, the founder and current managing director of Oryx, aligned and invested with the success of the Company. In addition, Matevž Mazij will continue to be committed to the Company through his appointment to the Board at the Meeting.

These various considerations were carefully considered and weighed against the dilutive impact of the Transaction to the current shareholders of the Company and the effective control Matevž Mazij would have upon the completion of the Transaction.

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

For further information, please contact Yaniv Spielberg, CSO, Bragg Gaming Group Inc., Phone: 1-647-800-2282, Email: info@bragg.games.

**Item 9 Date of Report**

November 27, 2020.