



BRAGG

GAMING GROUP

Bragg Gaming Group Inc

MANAGEMENT DISCUSSION & ANALYSIS FOR THE THREE- AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2020

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1. MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion and Analysis (“MD&A”) provides a review of the results of operations, financial condition and cash flows for Bragg Gaming Group Inc on a consolidated basis, for the three and nine months ended September 30, 2020 (“Q3 2020”). References to “Bragg”, the “Company”, the “Group” or the “Corporation” in this MD&A refer to Bragg Gaming Group Inc and its subsidiaries, unless the context requires otherwise. This document should be read in conjunction with the information presented in the interim unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2020 (the “Interims”).

For reporting purposes, the Corporation prepared the Interims in European Euros (“EUR”) and, unless otherwise indicated, in conformity with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial information contained in this MD&A was derived from the Interims. Unless otherwise indicated, all references to a specific “note” refer to the notes to the Interims.

This MD&A references non-IFRS and generally accepted accounting principles (“GAAP”) financial measures, including those under the headings “Selected Financial Information” and “Key Metrics” below. The Corporation believes these non-IFRS financial measures will provide investors with useful supplemental information about the financial performance of its business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating its business and making decisions. Although management believes these financial measures are important in evaluating the Corporation, they are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with IFRS. They are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. These measures may be different from non-IFRS financial measures used by other companies, limiting its usefulness for comparison purposes. Moreover, presentation of certain of these measures is provided for period-over-period comparison purposes, and investors should be cautioned that the effect of the adjustments thereto provided herein have an actual effect on the Corporation’s operating results.

For purposes of this MD&A, the term “gaming license” refers collectively to all the different licenses, consents, permits, authorizations, and other regulatory approvals that are necessary to be obtained in order for the recipient to lawfully conduct (or be associated with) gaming in a particular jurisdiction.

Unless otherwise stated, in preparing this MD&A the Corporation has considered information available to it up to November 23, 2020, the date the Corporation’s board of directors (the “Board”) approved this MD&A.

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may constitute forward-looking information and statements (collectively, “forward-looking statements”) within the meaning of the Canadian securities legislation and applicable securities laws, including financial and operational expectations and projections. These statements, other than statements of historical fact, are based on management’s current expectations and are subject to a number of risks, uncertainties, and assumptions, including market and economic conditions, business prospects or opportunities, future plans and strategies, projections, technological developments, anticipated events and trends and regulatory changes that affect the Corporation, its subsidiaries and their respective customers and industries. Although the Corporation and management believe the expectations reflected in such forward-looking statements are reasonable and are based on reasonable assumptions and estimates as of the date hereof, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward-looking statements are inherently subject to significant business, regulatory, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “would”, “should”, “believe”, “objective”, “ongoing”, “imply” or the negative of these words or other variations or synonyms of these words or comparable terminology and similar expressions.

By their nature forward-looking statements are subject to known and unknown risks, uncertainties, and other factors which may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among other things, the Corporation’s stage of development, long-term capital requirements and future ability to fund operations, future developments in the Corporation’s markets and the markets in which it expects to compete, risks associated with its strategic alliances and the impact of entering new markets on the Corporation’s operations. Each factor should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking statements. See the section, “Risk Factors and Uncertainties”, below noting that these factors are not intended to represent a complete list of the factors that could affect the Corporation.

Shareholders and investors should not place undue reliance on forward-looking statements as the plans, assumptions, intentions or expectations upon which they are based might not occur. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Unless otherwise indicated by the Corporation, forward-looking statements in this MD&A describe the Corporation’s expectations as of November 23, 2020 and, accordingly, are subject to change after such date. The Corporation does not undertake to update or revise any forward-looking statements, except in accordance with applicable securities laws.

3. LIMITATIONS OF KEY METRICS AND OTHER DATA

The Corporation's key metrics are calculated using internal Corporation data. While these numbers are based on what the Corporation believes to be reasonable judgments and estimates of customer numbers for the applicable period of measurement, there are certain challenges and limitations in measuring the usage of its product offerings across its customer base. In addition, the Corporation's key metrics and related estimates may differ from estimates published by third parties or from similarly titled metrics of its competitors due to differences in methodology and access to information.

For important information on the Corporation's non-IFRS measures, see the information presented in "Key metrics" and "Selected financial information" below. The Corporation continually seeks to improve its estimates of its active customer base and the level of customer activity, and such estimates may change due to improvements or changes in the Corporation's methodology.

Bragg Gaming: Overview and Strategy

Bragg is an innovative B2B online gaming solution provider. Leveraging its industry-leading technology, it offers a turnkey solution, including a proprietary omni-channel retail, online and mobile iGaming platform, as well as advanced casino content aggregator, sportsbook, lottery, marketing, and operational services. Renowned for its rapid and seamless integration, its content aggregator combines casino, slots, live dealer, lottery, virtual sports and instant-win game content from top tier gaming content providers, along with proprietary content, and is fully compliant with major regulated jurisdictions, allowing operators to access over 8,000 world-class games through a single account. Bragg aims to become the leading online gaming solution provider. It focuses on three key pillars in order to achieve this goal: investment in its proprietary platforms, diversification of its revenues and expansion into new geographies, and engagement with key strategic partners in the industry. Bragg has heavily invested in its platform technology since the Company's inception, introducing new key features and capabilities each quarter that distinguish it from competitors. In addition, Bragg continues to invest in its gaming content, partnering with top-tier names in the space and consistently supplementing its portfolio of games, all available via a single integration.

Bragg has nearly tripled its customer base in the last two years and continues to win large, notable clients with its popular and exclusive gaming content. Bragg's content partners include some of the most reputable companies in the space including Evolution, NetEnt, Golden Hero and Gamomat. Its primary operations are provided through its wholly owned subsidiaries in Malta, Slovenia, and Cyprus. Bragg is compliant in Malta, Gibraltar, Schleswig-Holstein Germany, Romania, Croatia, Czech Republic, Serbia, Columbia, Sweden, and Denmark and anticipates further new licences into the next year. The Company is particularly focused on expanding into lucrative geographies such as the United States, the UK and Latin America and has made significant strides engaging with partners in these areas.

Lastly, Bragg continues to invest in building a strong, experienced management team to drive these strategic initiatives. In the third quarter, Bragg introduced a new interim Chief Executive Officer, Adam Arviv, and a new Chairman of the Board, Richard Carter. Adam is the founder and a continued significant shareholder of Bragg Gaming and brings over 30 years of experience in the gaming industry. Richard is an industry veteran and the previous CEO of SBTech, which he led through their merger with DraftKings.

The Company was incorporated by Articles of Incorporation pursuant to the provisions of the Canada Business Corporations Act on March 17, 2004.

4. OVERVIEW OF Q3 2020

4.1 EXECUTIVE SUMMARY

Financial performance in the third quarter of 2020

The Group is pleased to report on strong trading performance during the third quarter of the year ended September 30, 2020. The quarter was characterized with vast operational activity alongside the global pandemic, with onboarding of new customers triggering high demand for Bragg's products and services and supporting its underlying growth. The Group has continued to deliver against its strategic objectives, achieving accelerated growth while remaining committed to revenue diversification and geographic expansion.

The Group's revenue* for the three months ended September 30, 2020 increased from the same period in the previous year by 72% to EUR 11.7m (Q3 2019: EUR 6.8m) reflecting solid quarterly growth momentum since Q1 2019. The Group's revenue was 3.3% down from the prior quarter (Q2 2020: EUR 12.1m) due to seasonality.

The Group's positive year-on-year revenue growth was derived from organic growth from its existing customer base, alongside onboarding of new customers such as Superbet, Winbet, Gamingtec, Atlantic Casino and Soft2bet. The Group's revenue growth was mainly in the games and content services as demand for the Group's unique games and content proposition continues to grow.

Total bets generated by our customers in the period were up by 95% from the same period in the previous year to EUR 3.3 billion (Q3 2019: EUR 1.7 billion) and the amount of unique players[†] using our games and content increased by 89% to 1.8m (Q3 2019: 1.0m). These strong numbers

* **Revenue** includes group share in Game and content, platform fees and management and turnkey solutions

[†] **Unique players** individuals who made a real money bet at least once during the period

are a result of significant improvements to our content offering and recent technical developments giving the group a powerful competitive advantage.

Gross profit increased compared to the same period in the previous year by 73% to EUR 5.1m (Q3 2019: EUR 2.9m) with subsequent margins increasing by 0.3 base points to 43.3% (Q3 2019: 43.0%), mainly as a result of revenue classification between turnkey projects and content and games.

Selling, general and administrative expenses increased from the same period in the previous year by 22.7% to EUR 4.2m (Q3 2019: EUR 3.4m) amounting to 36% of total revenue (Q3 2019: 50%) which reflects operational leverage and tight cost control. Main movements in the quarter are driven by:

- A. Salaries and subcontractors (excluding share-based payments) decreased by 13% to EUR 2.5m (Q3 2019: EUR 2.9m) mainly as a result of reduction of corporation staff costs, one-off governments grant and further costs reduction associated to staff welfare due to the Covid-19. The Group continued to expend its software development, product and analytics function during the quarter.
- B. IT hosting cost increased by 27% to EUR 0.4m (Q3 2019: EUR 0.3m) mainly due to increase of traffic and servers cost in line with the revenue growth.
- C. Professional fees amounted by EUR 0.3m (Q3 2019: gain of EUR 0.6m) predominately due to adjustments relating to the classification of costs in the prior year. Professional costs mainly include audit and legal and other corporate advisory services.
- D. The Group increased its provision for doubtful debt by EUR 0.5m (Q3 2019: 0.04m) due to an increase in the risk of the ageing of particular accounts receivables in light of the global pandemic and its effect on the global economy.
- E. The Group expansion also increased other costs compared with Q3 2019.

Group profitability continues to improve, with adjusted EBITDA[‡] increasing from the same period in the previous year by EUR 1.6m to EUR 1.8m (Q3 2019: EUR 0.2m). Adjusted EBITDA margins significantly increased by 13.1 base points to 15.7% (Q3 2019: 2.6%), achieved as a result of reaching higher scale and tight cost control.

Total net loss for the period increased by EUR 3.1m from the same period in the previous year to EUR net loss of 3.2m (Q3 2019: net loss EUR 0.1m). This is mainly as a result of increased loss on the remeasurement of deferred and contingent consideration in the period to reflect the new 5th amending agreement between KAVO and the Group. Excluding the adjustment to the remeasurement of deferred and contingent consideration the Group would have had a net income of EUR 0.0m (Q3 2019: EUR 0.5m).

[‡] **Adjusted EBITDA** excludes income or expenses that relate to exceptional items and non-cash share-based charges and includes deductions for lease expenses that are recognized as part of depreciation and finance charges under IFRS 16. A reconciliation between the current year's reported figures and the prior year's figures to adjusted earnings is shown in note 5.2.

Cash flow from operating activities for the for the three months ended 30 September 2020 amounted to EUR 3.5m (Q3 2019: EUR 0.5m) mainly as a result of improvement in working capital movements. Cash flow used in investing amounted to EUR 0.9m (Q3 2019: EUR 0.9m) mainly attributable to capitalized software development costs. Cash and cash equivalents as of September 30, 2020 amounted to EUR 5.2m (December 31, 2019: EUR 0.7m).

Financial performance in the nine months ended September 30, 2020

Revenue:

The Group's revenue increased from the same period in the previous year by 74.1% to EUR 32.6m (nine months ended September 30, 2019: EUR 18.8m). The Group's revenue growth was mainly via games and content services as demand for the Group's unique games and content proposition continues to grow. The Company's growth has been underpinned by continued investment and innovation in its technology and product offering. These investments supported the hard launch of Oryx Hub and the launch of a new data analytics platform and customer engagement platform, demonstrating the potential of the Group to further leverage its technology to accelerate growth.

Expenses

Cost of goods in the nine months ended 30 September 2020 amounted to EUR 18.5m (2019: EUR 10.3m) an increase of 79.0% from the same period in the previous year. This represents 56.6% of Group revenue, an increase of 1.5% base points (2019: 55.1%) as a result of revenue classification and growth towards content and aggregator incurring higher third-party underlying costs.

Operating expenses (including the loss on remeasurement of deferred and contingent consideration) amounted to EUR 20.8m, an increase of EUR 7.2m from the same period in the previous year (nine months ended September 30, 2019: EUR 13.6m). Changes in expenses in the nine months ended September 30, 2020 compared to the same period in 2019 were mainly driven by an additional EUR 5.5m increase in remeasurement of the deferred and contingent consideration due to improved performance of the Oryx business and in line with the KAVO 5th amendment agreement, an increase of EUR 1.8m of personnel related costs (excluding share based payments), an increase in software development, product and analytics functions costs, offset by EUR 1.2m decrease as a result of cancellation of fixed stock options due to leavers from the discontinued operation in the period.

Profitability

Adjusted EBITDA in the nine months ended September 30, 2020 amounted to EUR 4.3m (2019: EUR 0.3m) an increase of EUR 4.0m for the period with margins increasing by 11.8% base points to 13.2% (2019: 1.4%). Operating loss amounted to EUR 6.6m (2019: EUR 5.2m) an increase of

EUR 1.4m, however in order to reflect in the most effective way the underlying performance of the Group, excluding the increase in remeasurement of the deferred and contingent consideration, the adjusted operating income for the period amounted to EUR 1.7m (nine months ended September 30, 2019: an adjusted operating loss of EUR 2.4m) a significant improvement due to scale reached and cost control.

Cash and cash equivalents

Cash flows from operating activities amounted to EUR 6.7m during the the nine months ended September 30, 2020 (2019: negative EUR 1.8m) mainly as a result of working capital movements. Cash flow used in investing amounted to EUR 1.8m (2019: EUR 2.2m) attributable mainly capitalised software development cost and a one off payment due to a deferred consideration payment of EUR 0.6m in the nine months ended September 30, 2019. Cash and cash equivalents as of September 30, 2020 amounted to EUR 5.2m (December 31, 2019: EUR 0.7m).

Working capital

Total current assets as of September 30, 2020 amount to EUR 13.6m (December 31, 2019: EUR 8.3m) and total current liabilities amounted to EUR 49.1m (December 31, 2019: EUR 20.8m).

Strategic progress

Bragg Gaming has a clear growth strategy to become a leading worldwide online gaming B2B solution provider. This is based on three primary pillars of growth:

1. Enhance technology and Product offering

Oryx Hub is a fully customizable aggregator platform solution available through a one-time, seamless contract and integration process. It offers operators immediate access to an extensive library of over 8,000 games from over 80 of the industry's leading content providers, such as Gamomat, Red Tiger, Evolution, iSoftBet, NetEnt, Quickfire, PlayNGO, EGT, Gamesys, Pragmatic Play, Kalamba Games and others. Uniquely, the advanced technical developments with the Hub allows Oryx to offer promotions, customization and recommendation engines that are unique in the casino content aggregator space, giving it a powerful competitive advantage.

During the second quarter Oryx was awarded with the leading international ISO/IEC 27001 certification, underlining the supplier's commitment to information security. The certification will enable ORYX Gaming to continue its global expansion into regulated markets and to provide its extensive content portfolio to even more operator partners. During the 3rd quarter the Group has been certified and approved to provide services in Switzerland, Bulgaria, Portugal, Latvia Czech Republic and Spain.

In addition, Oryx continued and strengthened their unique games portfolio during the quarter with the additional launch of 11 games by Candelbets, Gamomat, Kalamba, Golden Hero and Peter and Sons.

In addition, the Group launched the new Player Engagement Platform that consolidates a number of functionalities that work together to increase player engagement and customer lifetime value. This includes a set of targeted promotions, such as free spins, bonuses, jackpots, leaderboards and tournaments; a multi-channel communication platform which supports traditional campaign channels such as SMS, email, social media; and a real-time campaign management system which takes the platform to the next level by allowing operators to engage players onsite in real-time. Since launch, the Group has recognized very positive trends in its underlying performance indicators supporting that leaderboard tournaments result in higher player engagement and increased gameplay and the level of total bets by up to 6 times vs pre introduction of this fixtures. Number of players as well support an increase with an average of up to 3 times compared to the pre introduction of the fixtures.

Throughout 2020, the Group launched the Data Analytics Platform which allows real-time collection and analysis of data from internal as well as third-party systems, enabling operators to gain a better understanding of its end-users and effectively segment, target and engage them by triggering activities based on behavior and preferences. In turn, the Group benefits from increased revenues from its customers through increased operator gaming revenues.

The Group continues to invest in its people, software development, business analytics, products, and compliance to expand into new verticals and geographies. Capitalized development costs in the nine months ended September 30, 2020 totaled EUR 1.5m (nine months ended September 30, 2019: EUR 0.8m).

2. Revenue diversification and Expansion into new Geographies

The Group maintains its existing customer base with a high level of revenue retention and continues to on-board new clients and diversify its customer base.

During the third quarter the Group successfully signed agreements with 14 new customers, including companies such as Soft2bet, Gamingtec, Atlantic Casino and Senator and is in advanced discussions to secure additional new customers in various licensed jurisdictions in Europe and Latin America. The Group continues to focus on expansion into the U.S. market, the world's fastest growing gaming market and has a footprint through its partnership with Kambi Group and Seneca Gaming Corporation and strives to increase its presence significantly in 2021.

The Group has exposure to revenues derived from customers who have predominantly German facing end-users. Germany is on a course to be one of Europe's largest regulated gaming markets and licences are anticipated to be issued to online casino operators by July 2021. The near-term impact of the changing regulatory landscape in the German market is likely to create negative revenue headwinds. However, our view is that, in the medium and long-term, the introduction of more regulation, similar to other established regulated markets will over time offset these negative headwinds as operators utilize more traditional marketing channels such as Television and print media, which in turn helps increase participation and eventually the overall market size. The Group will continue to monitor how the German market adjusts to the new regulatory

framework and, is already closely working with its German facing customers on helping to mitigate future adverse conditions.

Customer concentration from the top 10 customers is 62% of total revenues for the nine months ended September 30, 2020, down significantly from 76% of total revenues for the nine months ended September 30, 2019. As of September 30, 2020, the Group's total customer base exceeded 90 customers, an increase of over 80% from September 30, 2019.

In line with the Group growth strategy, management expects the growth in number of new operators to decrease, as it focuses on larger operators with far greater impact on revenues.

3. Establishing strategic partnerships

The Group is constantly exploring strategic partnership opportunities in new markets, leveraging the strength of its technology, product offering and the knowledge and experience of its talented team. In November 2019, Bragg signed a new partnership deal with New York-based Seneca Gaming Corporation (SGC), representing the Group's entry into the US market. As part of the agreement, the Group is providing casino services and its player account management system (PAM) to SGC's three New York Casinos. The agreement is in partnership with Kambi Group Plc, a provider of premium sports betting services to licensed B2B gaming operators. Throughout the first half of 2020, Bragg has dedicated resources to advance its technical, product and regulatory specification work in order to finalise the integration road map. Bragg is now fully prepared to initiate integration. Entry into the U.S. market has been an initiative for the Group since the company's inception, and this series of agreements marks a significant milestone for the Company.

Outlook and Guidance

The Group's solid financial growth has continued into the fourth quarter of 2020 with revenue expected to be in line with management expectations. With a solid performance throughout the financial year 2020, management is confident in achieving its objectives for the year-end. The Group continues to grow and diversify its global footprint, winning new customers in new jurisdictions and securing recurring revenues for next financial year.

The global outbreak of COVID-19 (coronavirus), has had, and continues to have, a significant impact on the global economy. The Corporation derives the majority of its revenue from online casino gaming, a sector that has largely benefited from the various international "lock-downs" which require people to stay at home. As a result, such virtual forms of entertainment have prevailed in a similar fashion to the various streaming businesses such as Netflix. Furthermore, the Corporation has limited exposure to sports betting revenues, which have been impacted by the lack of professional sports. Management continues to monitor the effects COVID-19 on the Group's performance and will amend its forecasts as, and if, it deems necessary.

5. FINANCIAL RESULTS

5.1 BASIS OF FINANCIAL DISCUSSION

The financial information presented below has been prepared to examine the results of operations from continuing activities. As such, due to the reasons cited in Note 4 of the Interims, the performance of the online media division has been excluded.

5.2 OTHER FINANCIAL INFORMATION

To supplement its Interims presented in accordance with IFRS, the Corporation considers certain financial measures that are not prepared in accordance with IFRS. The Corporation uses such non-IFRS financial measures in evaluating its operating results and for financial and operational decision-making purposes. The Corporation believes that such measures help identify underlying trends in its business that could otherwise be masked by the effect of the expenses that it excludes in such measures.

The Corporation also believes that such measures provide useful information about its operating results, enhance the overall understanding of its past performance and future prospects and allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making. However, these measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. There are a number of limitations related to the use of such non-IFRS measures as opposed to their nearest IFRS equivalents.

The primary non-IFRS financial measure which the Corporation uses is Adjusted EBITDA. When internally analyzing underlying operating performance, management excludes certain items from EBITDA (earnings before interest, tax, depreciation, and amortization). A reconciliation of operating income (loss) to EBITDA and Adjusted EBITDA is as follows:

EUR 000	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating loss	(2,282)	(77)	(6,600)	(5,186)
Depreciation and amortization	749	533	2,200	1,561
EBITDA	(1,533)	456	(4,400)	(3,625)
Depreciation of right-of-use assets	(48)	57	(153)	(116)
Lease interest expense	(6)	14	(18)	(13)
Share based payments	91	67	(3)	1,174
Transaction and acquisition costs	188	-	532	17
Loss (gain) on remeasurement of contingent consideration	3,142	(419)	8,329	2,829
Adjusted EBITDA	1,834	175	4,287	266

5.3 SELECTED FINANCIAL INFORMATION

Selected financial information is as follows:

KEY METRICS

EUR 000	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue	11,714	6,810	32,643	18,751
Operating loss	(2,282)	(77)	(6,600)	(5,186)
EBITDA	(1,533)	456	(4,400)	(3,625)
Adjusted EBITDA	1,834	175	4,287	266
	As at	As at		
	September 30	December 31		
	2020	2019		
Total assets	48,864	43,880		
Total liabilities	51,228	37,264		

TRADE AND OTHER RECEIVABLES

EUR 000	As at	As at
	September 30	December 31
	2020	2019
Less than one month	6,547	5,452
Between two and three months	1,145	253
Greater than three months	1,920	1,416
	9,612	7,121
Provision for expected credit losses	(1,873)	(941)
Trade and Other Receivables	7,739	6,180

TRADE PAYABLES AND OTHER LIABILITIES

EUR 000	As at	As at
	September 30	December 31
	2020	2019
Trade payables	5,082	5,146
Accrued liabilities	6,477	2,048
Other liabilities	2,435	1,663
Trade Payables and Other Liabilities	13,994	8,857

5.4 SUMMARY OF QUARTERLY RESULTS

The following table presents the selected financial data for continuing operations for each of the past eight quarters of the Group.

Since prior publication of these quarterly results, the Group has modified Adjusted EBITDA to include an adjustment for right-of-use asset expenditure, i.e. office lease expenditure. Right-of-use asset expenditure is recorded as a combination of depreciation of right-of-use asset expense and lease interest expense under IFRS 16 and was introduced on January 1, 2019.

	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	2Q20
EUR 000	2018	2019				2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	767	6,136	5,875	6,810	7,771	8,784	12,145	11,714
Operating income (loss)	(4,246)	(136)	(4,973)	(56)	(2,916)	(5,080)	762	(2,282)
EBITDA	(4,206)	346	(4,427)	456	(2,376)	(4,296)	1,429	(1,533)
Adjusted EBITDA	(93)	379	(287)	175	960	702	1,751	1,834
Earnings (loss) per share (EUR)								
- Basic and diluted	(0.14)	(0.03)	(0.06)	(0.00)	(0.04)	(0.07)	(0.01)	(0.04)

On a proforma basis, if the acquisition of Oryx had occurred as of January 1, 2018 and fully settled in cash and equity at that time, the continuing operations of the Corporation operations for each of the quarters of the Corporation since January 1, 2018 would have been as follows:

	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	2Q20
EUR 000	2018	2019				2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	6,015	6,136	5,875	6,810	7,771	8,784	12,145	11,714
Operating income (loss)	(1,039)	(136)	(4,973)	(56)	(2,916)	(5,080)	762	(2,282)
EBITDA	(539)	346	(4,427)	456	(2,376)	(4,296)	1,429	(1,533)
Adjusted EBITDA	(139)	379	(287)	175	960	702	1,751	1,834
Earnings (loss) per share (EUR)								
- Basic and diluted	(0.01)	(0.03)	(0.06)	(0.00)	(0.04)	(0.07)	(0.01)	(0.04)

5.5 LIQUIDITY AND CAPITAL RESOURCES

The Corporation's principal sources of liquidity are its cash generated from operations. Currently available funds consist primarily of cash on deposit with banks. The Corporation calculates its working capital requirements from continuing operations as follows:

EUR 000	As at	As at
	September 30	December 31
	2020	2019
Cash and cash equivalents	5,172	682
Trade and other receivables	7,739	6,180
Prepaid expenses and other assets	420	333
Current liabilities excluding consideration	(15,855)	(9,820)
Net working capital	(2,524)	(2,625)
Current consideration	(33,290)	(9,482)
Net current liabilities from continuing operations	(35,814)	(12,107)

On May 13, 2020, the Company entered into an amending agreement with K.A.V.O. Holdings Limited, as vendor (the "Oryx Vendor"), and Matevž Mazij, pursuant to which, among other things, the earn-out payment otherwise due to the Oryx Vendor on June 30, 2020 had been extended to September 30, 2020. On September 29, 2020, the Company entered into a further amending agreement with the Oryx Vendor, and Matevž Mazij, pursuant to which, among other things, the earn-out payment otherwise due to the Oryx Vendor has been further extended to January 31, 2021. On November 13, 2020, the Company amended and restated the September 29, 2020 amending agreement. The Company has engaged Canaccord Genuity Corp. to, among other things, provide financial advisory services in connection with financing the earn-out payment due to the Oryx Vendor on January 31, 2021.

MARKET RISK

The Corporation is exposed to market risks, including changes to foreign currency exchange rates and interest rates.

FOREIGN CURRENCY EXCHANGE RISK

The Corporation is exposed to foreign currency risk, which includes risks related to its revenue and operating expenses denominated in currencies other than EUR, which is both the reporting currency and primary contracting currency of the Corporation's customers. Accordingly, changes in exchange rates may in the future reduce the purchasing power of the Corporation's customers thereby potentially negatively affecting the Corporation's revenue and other operating results.

The Corporation has experienced and will continue to experience fluctuations in its net earnings as a result of translation gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded.

LIQUIDITY RISK

The Corporation is also exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Corporation manages liquidity risk by continuously monitoring its forecasted and actual cash flows, and matching maturity profiles of financial assets and liabilities.

5.6 CASH FLOW SUMMARY

The cash flow from continuing operations may be summarized as follows:

EUR 000	Nine Months Ended September 30,	
	2020	2019
Operating activities	6,668	(1,762)
Investing activities	(1,772)	(2,199)
Financing activities	(152)	(303)
Effect of foreign exchange	-	(26)
Net cash flow from continuing operations	4,745	(4,290)

Cash flows used in investing activities is primarily due to capitalised development costs:

EUR 000	Nine Months Ended September 30,	
	2020	2019
Purchases of property and equipment	(161)	(96)
Additions in intangible assets	(1,642)	(1,464)
Proceeds from sale of discontinued operations	31	-
Deferred consideration payments	-	(639)
Cash Flows Used in Investing Activities	(1,772)	(2,199)

6 EQUITY-BASED INSTRUMENTS

On October 26, 2020 the Company announced that it has entered into an agreement with a syndicate of underwriters pursuant to which the underwriters have agreed to purchase 17,860,000 units (the "Units") from the treasury of the Company, at a price of \$0.70 CAD per Unit and offer them to the public by way of short form prospectus for total gross proceeds of approximately \$12,500,000 CAD (the "Offering"). On October 27, 2020 the Company agreed to increase the size of the Offering whereby the Underwriters agreed to purchase 25,715,000 Units for aggregate gross proceeds of \$18,000,500 CAD.

Each Unit will consist of one Common Share (each a "Common Share") of the Company and one half of one Warrant (each whole warrant, a "Warrant") of the Company. Each Warrant will entitle the holder thereof to purchase one Common Share at a price equal to \$1.00 CAD for a period of 36 months following the closing of the Offering. The Warrants will include an acceleration provision, exercisable at the Company's option, if the Company's daily volume weighted average share price is greater than \$1.50 CAD for at least ten consecutive trading days.

In addition, the Company has granted the Underwriters an option (the "Over-Allotment Option") to purchase up to an additional 15% of the Units of the Offering on the same terms exercisable at any time up to 30 days following the closing of the Offering, for market stabilization purposes and to cover over-allotments, if any. Closing of the Offering occurred on November 18, 2020.

The number of equity-based instruments granted or issued may be summarized as follows:

	September 30	November 23
	2020	2020
Common shares	80,363,851	115,469,061
Warrants	27,058,802	37,913,753
Special warrants - compensation options	1,601,784	800,891
Fixed Stock Options	6,354,974	6,352,224
Deferred Share Units	3,580,000	3,580,000
	118,959,411	164,115,929

The increase of 35,105,210 in common shares between the reporting date and issue of this MD&A is due to the issuance of 29,572,250 common shares as a result of the Offering and 5,532,960 as a result of exercise of 4,732,067 warrants and 800,893 special warrants that were converted to an equal number of both common shares and warrants. As a result of the Offering an additional 14,786,125 warrants were issued and the reduction of 2,750 in Fixed Stock Options is due to cancellations.

7 RISK FACTORS AND UNCERTAINTIES

Certain factors, listed below, may have a material adverse effect on the Corporation's business, financial condition, and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in this MD&A and the Financial Statements.

The risks and uncertainties described herein and therein are not the only ones the Corporation may face. Additional risks and uncertainties that the Corporation is unaware of, or that the Corporation currently believes are not material, may also become important factors that could adversely affect the Corporation's business. If any of such risks actually occur, the Corporation's business, financial condition, results of operations, and future prospects could be materially and adversely affected.

7.1 GENERAL BUSINESS RISKS

LIMITED OPERATING HISTORY

The Corporation has a limited operational history. The Corporation has never paid dividends and has no present intention to pay dividends. The Corporation is in the early commercialization stage of its business and therefore will be subject to the risks associated with early stage companies, including uncertainty of revenues, markets and profitability and the need to obtain additional funding. The Corporation will be committing, and for the foreseeable future will continue to commit, significant financial resources to marketing, product development and research. The Corporation's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. Such risks include the evolving and unpredictable nature of the Corporation's business, the Corporation's ability to anticipate and adapt to a developing market and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Corporation will be successful in doing what is necessary to address these risks.

KEY PERSONNEL

The success of the Corporation may be dependent on the services of its senior management and consultants. The experience of these individuals may be a factor contributing to the Corporation's continued success and growth. The loss of one or more of its key employees or consultants could have a material adverse effect on the Corporation's operations and business prospects. In addition, the Corporation's future success will depend in large part on its ability to attract and retain additional highly skilled technical, management, sales and marketing personnel. There can be no assurance that the Corporation will be successful in attracting and retaining such personnel and the failure to do so could have a material adverse effect on the Corporation's business, operating results, and financial condition.

ADDITIONAL FINANCING REQUIREMENTS

In order to accelerate the Corporation's growth objectives, it may need to raise additional funds

from lenders and equity markets in the future. There can be no assurance that the Corporation will be able to raise additional capital on commercially reasonable terms to finance its growth objectives. The ability of the Corporation to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Corporation. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing on terms satisfactory to the Corporation. If additional financing is raised by the issuance of common shares from the treasury of the Corporation, control of the Corporation may change, and shareholders may suffer additional dilution.

COMPETITION

The Corporation may not be able to compete successfully against current and future competitors, and the competitive pressures the Corporation faces could harm its business and prospects. Broadly speaking, the market for gambling businesses and media companies is highly competitive. The level of competition is likely to increase as current competitors improve their product offerings and as new participants enter the market. Some of the Corporation's current and potential competitors have longer operating histories, larger customer bases, greater name and brand recognition and significantly greater financial, sales, marketing, technical and other resources than the Corporation. Additionally, these competitors have research and development capabilities that may allow them to develop new or improved products that may compete with products the Corporation markets and distributes.

New technologies and the expansion of existing technologies may also increase competitive pressures on the Corporation. Increased competition may result in reduced operating margins as well as loss of market share.

MANAGEMENT OF GROWTH

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The Corporation's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base.

The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations, and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Corporation may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Corporation's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Corporation will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Corporation will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Corporation's operations or

that the Corporation will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

ABSENCE OF PROFITS

The Corporation has not earned any profits to date and there is no assurance that it will earn any profits in the future, or that profitability, if achieved, will be sustained. A significant portion of the Corporation's financial resources will continue to be directed to the development of its products and to marketing activities. The success of the Corporation will ultimately depend on its ability to generate revenues such that the business development and marketing activities may be financed by revenues from operations instead of external financing. There is no assurance that future revenues will be sufficient to generate the required funds to continue such business development and marketing activities.

CONFLICTS OF INTEREST

Certain proposed directors and officers of the Corporation may become associated with other reporting issuers or other Companies which may give rise to conflicts of interest. In accordance with the Canada Business Corporations Act, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation, as the case may be. Certain of the directors have either other employment or other business or time restrictions placed on them and accordingly, these directors will only be able to devote part of their time to the affairs of the Corporation.

COVID-19

In December 2019 there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the national, provincial and municipal governments around the world regarding travel, business operations and isolation/quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Our main priorities in dealing with the COVID-19 situation are to minimize the risk of spreading the virus and to create a safe workplace for our employees as well as to maintain the operation for our operators. We continue to comply with all the requirements from the authorities in the

countries we operate in, and in many cases we have taken more far-reaching initiatives. Thanks to the measures that have been implemented in terms of social distancing, changed working processes and routines for our employees, our operations have been able to continue without any large negative effects.

However, the Corporation derives the majority of its revenue from online casino gaming. This sector has largely benefited from the various international “lock downs”, requiring people to stay at home. As a result, such forms of entertainment have prevailed in a similar fashion to the various streaming businesses such as Netflix have. Furthermore, the Corporation has limited exposure to sports betting revenues that have obviously been impacted by the lack of professional sports.

As at the time of publishing, the Corporation’s financial performance, financial position and cash flow has been positively impacted as a result of people staying at home. Management will continue to monitor events and effects to the Corporation closely and will amend its forecasts as and when it deems necessary.

8 ADDITIONAL INFORMATION

Additional information relating to the Corporation, including the Corporation’s annual information form, quarterly and annual reports and supplementary information is available on SEDAR at www.sedar.com.

Press releases and other information are also available in the Investor section of the Corporation’s website at www.bragg.games.