

MAY 14, 2020



Bragg Gaming Group Inc

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE THREE AND TWELVE MONTH PERIODS ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

Table of contents	1
1. Management Discussion & Analysis	2
2. Caution regarding forward-looking statements	3
3. Limitations of key metrics and other data	4
4. Overview of 2019	5
4.1 Executive summary	5
4.2 Oryx.....	6
4.3 GiveMeSport.....	7
5. Financial results	8
5.1 Basis of financial discussion	8
5.2 Other financial information	8
5.3 Selected financial information	9
5.4 Summary of quarterly results	9
5.5 Liquidity and capital resources	10
5.6 Cash flow summary	11
6. Equity-based instruments	11
7. Risk factors and uncertainties	11
6.1 General business risks	12
8. Additional information.....	14

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 months (“Q4-2019”) and year ended December 31 2019. 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 consolidated financial statements for the year ended December 31, 2019 (the “2019 Financial Statements”).

For reporting purposes, the Corporation prepared the 2019 Financial Statements 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 2019 Financial Statements. Unless otherwise indicated, all references to a specific “note” refer to the notes to the 2019 Financial Statements.

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 May 14, 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 May 14, 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.

4. OVERVIEW OF 2019

4.1 EXECUTIVE SUMMARY

FY2019 represents Bragg's first full fiscal year following the acquisition of Oryx Gaming in December 2018. The Corporation had a highly successful first year in its continuing operations, achieving EUR 26.6m in revenue, gross profit of EUR 12.0m, Adjusted EBITDA of EUR 1.2m, and net loss of EUR 10.4m. In FY2019 the group made extensive progress accelerating operator growth, revenue diversification, and geographic expansion, while dedicating significant resources throughout 2019 to further enhance the Oryx platform. Notable enhancements include the launch of Oryx Hub as well as the launch of a new data analytics platform and a customer engagement platform. It is exciting to note that the Company achieved positive EBTIDA for the first time.

Oryx Gaming, Bragg's flagship property and the sole constituent of continuing operations, continues to grow swiftly posting strong 41% year-on-year proforma growth. Oryx maintains its existing customers, with high revenue retention, and continues to on-board new clients and diversify its customer base. Oryx signed agreements with notable industry players such as Kambi Group, Seneca Gaming Corporation, Betclix, Mr Green and LeoVegas AB. In addition, Oryx made significant progress diversifying geographic revenue and mitigating risk in the fourth quarter, evidenced by decreased operators' (customers) concentration and increased revenue from operators in new geographies, including regulated markets across Europe and Latin America.

Throughout 2020, Bragg will be solely focused on expanding its B2B online gaming business (Oryx) and operator base both organically and through strategic partnerships and acquisitions. Bragg sees the U.S. as having strong potential, as new regulations pave the way for various states to regulate and legitimize gambling. Bragg's entry into the U.S. market, in partnership with Seneca Gaming Corporation, is a huge milestone for the company and the company anticipates strong growth and expansion in this market in the coming years. The U.S. market is predicted to grow to USD 8.1bn by 2024¹.

In 2019, Bragg made extensive progress implementing key changes to its online media division, comprised of GiveMeSport and GiveMeBet, which were the legacy businesses of Breaking Data, acquired in prior years. The Group entered a strategic review of these assets in June 2019 after receiving expressions of interest from various parties, and recently sold the online media division to SN&CK Media Limited ("Snack").

Bragg continues to evaluate all strategic options that will enhance shareholder value, including potential M&A transactions.

¹ Source: Financial Times "A bet on America: the sports gambling gold rush" published October 16, 2019 available at <https://www.ft.com/content/d9355018-e9e0-11e9-a240-3b065ef5fc55>

4.2 ORYX

Oryx is an innovative B2B online gaming solution provider. Leveraging their industry-leading technology, 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. Renowned for its rapid and seamless integration, Oryx's 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. Oryx's content partners include some of the most reputable companies in the space including Evolution, Net Ent, Golden Hero and Gamomat.

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, Slovenia and Cyprus. Oryx is compliant in Malta, Gibraltar, Schleswig-Holstein Germany, Romania, Croatia, Czech Republic, Serbia, Columbia, Sweden, and Denmark and anticipates further licenses in the first half of 2020.

Throughout its first year of operations under the Bragg management, Oryx diversified its customer base and signed agreements with notable industry customers. Oryx continues to grow and diversify its global footprint winning new customers in new jurisdictions. In the first quarter of 2020, Oryx has signed multiple additional operators that are in the pipeline to be on-boarded, indicating accelerated growth throughout 2020 compared to 2019, in line with Company expectations. As the business grows, management expects the number of new operators to decrease, as it focuses on larger, more revenue impactful operators.

Oryx derives the majority of its income on a revenue share basis, whereby it earns a percentage of the gross gaming revenue from operators using its platform. As such, the success of Oryx is tied to the performance of its operators. Oryx revenue grew by **Error! Not a valid link.** in 2019 compared to 2018, accelerating throughout the year with each quarter growing more rapidly than the prior quarter (see section 5.4 below). In addition, the Company made significant strides improving revenue diversification throughout the year. In December 2019, 48% of revenue was derived from the Top 5 clients, down from 73% in December 2018, even though the total revenue derived from these large customers was larger or equal to previous periods.

In terms of geographic expansion, Oryx derives roughly 40% of its revenues from operators with German-facing operations with licenses through Schleswig-Holstein. Significant growth outside of Germany demonstrates the Company's efforts to continually diversify and reduce its exposure to any single country. Recent news from the German market shows a positive outlook for a potential breakthrough in German regulations. All 16 autonomous Länder (States) have agreed in principle to allow federal casino and poker provisions. While management believes the risk against German revenues will be materially reduced because of this, the Group has not included any impact of these regulations into financial forecasts and is awaiting further developments.

Throughout 2019, Oryx entered into agreements with many notable content providers and signed with many new operators, expanding both its portfolio of games and audience reach. Oryx partners with industry leading content providers such as Gamomat, Red Tiger, Evolution, and Pragmatic Play, among many others. Notable operator wins throughout the year include Unibet, Betsson, Kambi/Seneca Gaming Corporation, FullReto.co, Leo Vegas, FavBet, and BetClic.

It is important to highlight that Oryx's deal with New York based Seneca Gaming Corporation (SGC) represents Bragg's entry into the lucrative US market. Oryx provides casino services and 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. Bragg and Kambi also announced a global gaming arrangement to explore and collaborate on strategic opportunities in the U.S. market and worldwide. In addition to the providing SGC with the PAM, subject to regulation, Bragg will also be the exclusive provider to SGC for its online casino platform, with experts advising a likely online casino regulatory framework will be in place by second half of 2020.

Entry into the U.S. market has been an initiative for Bragg since the company's inception, and this series of agreements marks a significant milestone achieved for the company.

In addition to accelerated operator growth, revenue diversification, and several notable client wins, Oryx dedicated significant resources to platform enhancements throughout 2019. These enhancements include the launch of Oryx Hub as well as the launch of a new data analytics platform and a customer engagement platform.

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.

Oryx's Data Analytics Platform 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 customers and effectively segment, target and engage them by triggering activities based on behavior and preferences. Using this platform, Oryx also built out a 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.

In 2020, Bragg is focusing its resources to growing Oryx's international reach in regulated markets and strengthening its client base.

4.3 GIVEMESPORT

GiveMeSport ("GMS"), a part of Bragg's online media division, is a sport media outlet sharing exclusive player and manager interviews, and providing fans with up-to-date features, match previews and match reviews.

In June 2019, Management instigated a strategic review of its online media division which was completed in January 2020, in line with Company expectations.

On May 7, 2020, Bragg announced it had sold GMS to SN&CK Media Ltd, a leading independent sports digital media company for a total consideration of up to GBP 0.4m.

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 6 of the 2019 Financial Statements, the performance of the online media division has been excluded.

5.2 OTHER FINANCIAL INFORMATION

To supplement its 2019 Financial Statements 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 loss to EBITDA and Adjusted EBITDA is as follows:

EUR 000	12 months	9 months
	2019	2018
Operating Loss	(8,081)	(4,762)
Depreciation and amortization	2,080	40
EBITDA	(6,001)	(4,722)
Share based payments	1,647	2,302
Transaction and acquisition costs	166	2,017
Loss on remeasurement of contingent consideration	5,347	-
Adjusted EBITDA	1,159	(403)

5.3 SELECTED FINANCIAL INFORMATION

Selected financial information for the year ended December 31, 2019 is as follows:

EUR 000	12 months 2019	9 months 2018
Revenue	26,592	767
Operating loss	(8,081)	(4,762)
EBITDA	(6,001)	(4,722)
Adjusted EBITDA	1,159	(403)
Total assets	43,880	45,268
Total liabilities	37,264	29,372

5.4 SUMMARY OF QUARTERLY RESULTS

The following table presents the selected financial data for continuing operations for each of the last eight quarters of the Corporation ended December 31, 2019.

EUR 000	2018					2019				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Revenue	-	-	-	767	767	6,084	5,928	6,738	7,842	26,592
Operating profit (loss)	-	(278)	(238)	(4,246)	(4,762)	(837)	(4,725)	(455)	(2,064)	(8,081)
EBITDA	-	(278)	(238)	(4,206)	(4,722)	(350)	(4,227)	58	(1,482)	(6,001)
Adjusted EBITDA	-	(211)	(99)	(93)	(403)	395	(88)	(16)	868	1,159
Earnings (Loss) per share (EUR)										
- Basic and diluted	-	(0.01)	(0.01)	(0.14)	(0.16)	(0.02)	(0.07)	(0.01)	(0.04)	(0.14)

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 for each of the last eight quarters of the Corporation ended December 31, 2019 would have been as follows:

EUR 000	2018					2019				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Revenue	3,296	4,532	5,065	6,015	18,908	6,084	5,928	6,738	7,842	26,592
Operating profit (loss)	(1,030)	(1,003)	(1,261)	(1,039)	(4,333)	(837)	(1,013)	(655)	(210)	(2,715)
EBITDA	(530)	(503)	(761)	(539)	(2,333)	(350)	(515)	(142)	372	(635)
Adjusted EBITDA	(130)	(103)	(361)	(139)	(733)	395	(88)	(16)	868	1,159
Earnings (Loss) per share (EUR)										
- Basic and diluted	(0.01)	(0.01)	(0.02)	(0.01)	(0.06)	(0.01)	(0.01)	(0.01)	(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 as follows:

EUR 000	2019	2018
Cash and cash equivalents	682	5,480
Accounts receivable	6,180	4,101
Prepaid expenses and other assets	333	184
Current liabilities excluding consideration	(11,319)	(8,179)
	(4,124)	1,586
Current consideration	(9,482)	(1,942)
Net working capital	(13,606)	(356)

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 has been extended to September 30, 2020. 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 September 30, 2020.

The business manages cash flow carefully. Continuing operations is Adjusted EBITDA positive and generates cash from operations, which is used to finance the Group (see section 5.6).

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	12 months	9 months
	2019	2018
Cash flows from continuing operations	(98)	733
Cash flows used in investing activities	(2,298)	(3,690)
Cash flows used in financing activities	(521)	8,301
Net cash flow before foreign exchange differences	(2,917)	5,344

Cash flows used in investing activities is primarily purchases of intellectual property and the acquisition of Oryx. Cash flows used in financing activities in the prior period was from issuing common shares and warrants.

6. EQUITY-BASED INSTRUMENTS

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

	Granted / Issued in Q4-2019	Outstanding as at December 31 2019	Outstanding as at May 14 2020
Common shares	-	79,863,851	79,863,851
Warrants	-	27,058,802	27,058,802
Special warrants - compensation options	-	1,601,784	1,601,784
Fixed Stock Options	4,376,000	7,455,765	7,080,764
Deferred Share Units	2,530,000	4,080,000	4,080,000
	6,906,000	120,060,202	119,685,201

There have been no grants or issues of equity-based instruments since the year end. The reduction 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 2019 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.

6.1 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.

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.