



BRAGG GAMING GROUP INC.

INTERIM UNAUDITED CONDENSED  
CONSOLIDATED  
FINANCIAL STATEMENTS

Three month periods ended  
March 31, 2019 and March 31, 2018

**Notice for National Instrument 51-102**

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

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

**Bragg Gaming Group Inc.**

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

	As at March 31, 2019	As at December 31, 2018
<b>ASSETS</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Cash	2,737,166	8,571,701
Trade and other receivables	6,073,980	6,414,785
Prepaid expenses, deposits and other assets	422,444	458,587
	9,233,590	15,445,074
Equipment, net of depreciation	313,163	292,520
Right-of-use assets ( <i>Note 8</i> )	1,679,433	-
Intangible assets	22,816,518	23,163,248
Goodwill	31,911,945	31,911,945
	65,954,649	70,812,787
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables and accrued liabilities ( <i>Note 9</i> )	7,780,750	12,453,083
Deferred revenue	31,809	33,367
Loans payable	138,672	151,029
Lease payable ( <i>Note 8</i> )	454,779	-
Current taxes	150,625	156,759
Deferred consideration ( <i>Note 9</i> )	2,082,932	3,037,952
	10,639,567	15,832,190
Loans payable - non-current	403,339	434,235
Lease payable - non-current ( <i>Note 8</i> )	1,409,760	-
Deferred taxes	2,583,698	2,583,698
Contingent consideration - non-current ( <i>Note 9</i> )	27,095,189	27,095,189
	42,131,553	45,945,312
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Share capital ( <i>Note 5</i> )	58,970,545	51,824,468
Warrants ( <i>Note 5</i> )	5,590,699	918,764
Special warrants ( <i>Note 5</i> )	-	11,818,013
Special warrants - broker compensation options ( <i>Note 5</i> )	-	1,021,246
Special warrant compensation options ( <i>Note 5</i> )	1,021,246	-
Contributed surplus	15,093,313	13,984,121
Deficit	(56,595,031)	(54,594,712)
Accumulated other comprehensive income (loss)	(257,676)	(104,425)
	23,823,096	24,867,475
	65,954,649	70,812,787

**GOING CONCERN** (*Note 1*)

**COMMITMENTS** (*Note 11*)

ON BEHALF OF THE BOARD:

"Dominic Mansour"

"Akshay Kumar"

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

**Bragg Gaming Group Inc.**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (unaudited)**  
**(Expressed in Canadian Dollars)**

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
<b>Revenue</b>	\$ 10,365,351	\$ 3,415,826
Cost of revenue (excluding depreciation and amortization)	5,213,816	1,579,878
<b>Gross profit (excluding depreciation and amortization)</b>	<b>5,151,535</b>	<b>1,835,947</b>
<b>Expenses</b>		
General and administrative (Note 4)	(6,760,117)	(15,425,875)
Sales and marketing	(239,879)	(477,395)
<b>Operating loss</b>	<b>(1,848,461)</b>	<b>(14,067,322)</b>
Net financing charges (Note 4)	(26,071)	(11,579)
<b>Loss before income taxes</b>	<b>(1,874,532)</b>	<b>(14,078,902)</b>
Income tax expense	(59,130)	-
<b>Net loss from continuing operations</b>	<b>(1,933,663)</b>	<b>(14,078,902)</b>
Net income from discontinued operations	-	30,588
<b>NET LOSS</b>	<b>(1,933,663)</b>	<b>(14,048,314)</b>
Cumulative translation adjustment	(153,251)	(65,042)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>(2,086,914)</b>	<b>(14,113,356)</b>
<b>Basic and diluted net loss per share from continuing operations (Note 6)</b>	<b>(0.04)</b>	<b>(0.51)</b>
<b>Basic and diluted net income per share from discontinued operations (Note 6)</b>	<b>-</b>	<b>0.00</b>
<b>Weighted average number of shares - basic and diluted</b>	<b>50,580,470</b>	<b>27,396,185</b>

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

**Bragg Gaming Group Inc.**

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

For the three months ended March 31, 2018 and three months ended March 31, 2019

(Expressed in Canadian Dollars)

	Common Shares Number	Common Shares \$	Warrants \$	Special Warrants \$	Special Warrants - Agents Compensation Warrants \$	Special Warrant Compensation Options \$	Contributed Surplus \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total Shareholders' Equity (Deficit) \$
<b>Balance, January 1, 2018</b>	<b>27,676,670</b>	<b>32,987,987</b>	<b>5,535,504</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,239,035</b>	<b>317,849</b>	<b>(19,031,925)</b>	<b>24,048,449</b>
Shares issued related to financing on January 23, 2018, net of issue costs	1,000,000	2,985,000								2,985,000
Stock-based compensation							1,528,108			1,528,108
Cumulative translation adjustment								(65,042)		(65,042)
Net loss from continuing operations for the period									(14,078,902)	(14,078,902)
Net income from discontinued operations for the period									30,588	30,588
<b>Balance, March 31, 2018</b>	<b>28,676,670</b>	<b>35,972,987</b>	<b>5,535,504</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,767,143</b>	<b>252,807</b>	<b>(33,080,239)</b>	<b>14,448,202</b>
<b>Balance, January 1, 2019</b>	<b>50,805,048</b>	<b>51,824,468</b>	<b>918,764</b>	<b>11,818,013</b>	<b>1,021,246</b>	<b>-</b>	<b>13,984,121</b>	<b>(104,425)</b>	<b>(54,594,712)</b>	<b>24,867,475</b>
Conversion of 27,058,802 special warrants to 27,058,802 shares and 27,058,802 warrants on March 14, 2019 ( <i>Note 5</i> )	27,058,802	7,146,078	4,671,935	(11,818,013)						-
Conversion of 1,601,784 Agents Special Warrant Compensation Options to Agent Compensation Options on March 14, 2019 ( <i>Note 5</i> )					(1,021,246)	1,021,246				-
Stock-based compensation							1,109,192			1,109,192
Impact of change in accounting policy ( <i>Note 8</i> )								(924)	(66,656)	(67,581)
Cumulative translation adjustment								(152,326)		(152,326)
Net loss from continuing operations for the period									(1,933,663)	(1,933,663)
<b>Balance, March 31, 2019</b>	<b>77,863,850</b>	<b>58,970,545</b>	<b>5,590,699</b>	<b>-</b>	<b>1,021,246</b>	<b>15,093,313</b>	<b>(257,676)</b>	<b>(56,595,031)</b>	<b>23,823,097</b>	

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

**Bragg Gaming Group Inc.**

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

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
	\$	\$
<b>CASH FLOWS FROM: OPERATING ACTIVITIES</b>		
Net loss for the period		
Items not affecting cash	(1,933,663)	(14,048,314)
Amortization of intangible assets	665,008	527,108
Depreciation of property and equipment	137,248	5,494
Accretion of long-term debt	6,697	-
Stock-based compensation	1,109,192	1,528,108
Gain on disposal of equipment	-	(19,395)
Impairment of goodwill	-	11,298,350
Net change in non-cash working capital items related to operations <i>(Note 7)</i>	<b>(4,138,347)</b>	<b>(131,592)</b>
Cash used in operating activities for continuing operations	(4,153,865)	(840,242)
Cash from discontinued operations	-	30,588
Cash used in operating activities	<b>(4,153,865)</b>	<b>(809,654)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of debentures	-	(345,000)
Proceeds from private placement	-	2,985,000
Cash provided by financing activities	-	2,640,000
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(61,256)	(81,541)
Additions in intangible assets	(318,278)	(444,514)
Deferred consideration paid upon business combination <i>(Note 9)</i>	<b>(955,020)</b>	<b>-</b>
Cash used in investing activities	<b>(1,334,554)</b>	<b>(526,055)</b>
<b>EFFECT OF CURRENCY TRANSLATION</b>		
<b>(DECREASE) INCREASE IN CASH FOR THE PERIOD</b>	<b>(5,834,535)</b>	1,193,233
<b>CASH, BEGINNING OF PERIOD</b>	<b>8,571,701</b>	1,760,301
<b>CASH, END OF PERIOD</b>	<b>2,737,166</b>	2,953,534

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

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**For the three months ended March 31, 2019 and three months ended March 31, 2018  
(Expressed in Canadian Dollars)**

**1. BASIS OF PRESENTATION AND GOING CONCERN**

**Nature of operations**

Bragg Gaming Group. ("Bragg", "BGG", the "Company" or together with its subsidiaries the "Group") is an online gaming technology business (ORYX Gaming) and an online sports media outlet (GIVEMESPORT). ORYX Gaming was acquired by BGG in December 2018.

Bragg's portfolio includes ORYX Gaming, an innovative B2B gaming technology platform and casino content aggregator; GIVEMESPORT, a top sports media outlet with over 26M fans, the number one Facebook Sport Publisher; and GIVEMEBET, a new and growing UK-focused sportsbook. With these brands as a foundation, Bragg is focused on becoming a leader within the evolving global gaming industry.

The registered and head office of the Company is located at 130 King Street West, Suite 1968, Toronto, Ontario, M5X 1K6.

**ORYX Gaming**

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

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

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**For the three months ended March 31, 2019 and three months ended March 31, 2018  
(Expressed in Canadian Dollars)**

**1. BASIS OF PRESENTATION AND GOING CONCERN (continued)**

**Acquisition of ORYX Gaming**

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

AAA is a special purpose vehicle incorporated on April 12, 2018 under the Ontario Business Corporations Act, with the primary purpose of acquiring share capital, trade and assets of Oryx Gaming International LLC ("ORYX" or "ORYX Gaming"), and its two wholly-owned subsidiaries – Oryx Gaming Ltd., a company incorporated in Malta on March 11, 2013, and Oryx Razvojne Stortive D.o.o, a company incorporated in Slovenia on April 4, 2014. On December 20, 2018, AAA acquired all of the issued and outstanding membership interests of Oryx (the "Oryx Acquisition").

**Going Concern**

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

As at March 31, 2019, the Company had negative working capital of \$1,405,977 (December 31, 2018 – negative working capital of \$387,116), an accumulated deficit of \$56,595,031 (December 31, 2018 – deficit \$54,594,712) and negative cash flows from operations for the three months to March 31, 2019 of \$4,153,865 (three months to March 31, 2018 – negative cashflow \$840,242). These conditions raise significant doubt about the ability of the Company to continue as a going concern without generating positive cash flows from operations or completing additional equity or debt financings. To date, management has been successful in raising additional capital through equity or debt financings. However, there is no assurance that the Company will continue to be successful in raising capital in the future. Based upon forecasted cash-flow and profits as a result of the acquisition of the Oryx business and resulting change in strategic direction, management believe that the Company will be able to continue on a going concern basis, noting that the Company may have to undergo a financing event to satisfy future contingent consideration due to the vendors of Oryx in respect of the earnouts due in Q2 2020 and Q2 2021.

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**For the three months ended March 31, 2019 and three months ended March 31, 2018**  
**(Expressed in Canadian Dollars)**

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

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

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

The accompanying unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on May 30, 2019.

**Recent accounting pronouncement**

**IFRS 16 - Leases**

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

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

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**For the three months ended March 31, 2019 and three months ended March 31, 2018  
(Expressed in Canadian Dollars)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recent accounting pronouncement (continued)**

**IFRS 16 – Leases (continued)**

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

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

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

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

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**For the three months ended March 31, 2019 and three months ended March 31, 2018  
(Expressed in Canadian Dollars)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recent accounting pronouncement (continued)**

**IFRS 16 – Leases – As a lessee**

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

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

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

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

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

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

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

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**For the three months ended March 31, 2019 and three months ended March 31, 2018  
(Expressed in Canadian Dollars)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recent accounting pronouncement (continued)**

**IFRS 16 – Leases – As a lessee (continued)**

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

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

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**For the three months ended March 31, 2019 and three months ended March 31, 2018  
(Expressed in Canadian Dollars)**

**3. ACQUISITION OF ORYX GAMING INTERNATIONAL LLC ("ORYX") IN DECEMBER 2018**

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

Fair value allocations of the purchase price paid are unchanged from that which was reported in the consolidated financial statements for the nine-month period ended December 31, 2018 and twelve-month period ended March 31, 2018. As the acquisition is within the measurement period under IFRS 10, it continues to be refined. The Company is gathering information to finalize the fair value of intangible assets and goodwill acquired.

On a pro-forma basis Oryx generated revenue of \$5,027,883 for the three months ended March 31, 2018 which would have resulted in consolidated revenues for three months ended March 31, 2018 of \$8,443,709. On a pro-forma basis Oryx generated net income of \$220,184 for the three months ended March 31, 2018 which would have resulted in consolidated net loss for three months to March 31, 2018 of \$13,858,718.

**4. EXPENSES CLASSIFIED BY NATURE**

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
	\$	\$
<b>General and administrative</b>		
Salaries and subcontractors	2,396,301	1,000,035
Professional fees	931,064	122,816
Other operational costs	1,429,761	693,316
Stock-based compensation	1,109,192	1,528,108
Transaction and acquisition costs	-	96,799
Foreign exchange loss	91,542	173,243
Gain on sale of equipment	-	(19,395)
Impairment of goodwill	-	11,298,350
Amortization of intangible assets	665,008	527,108
Depreciation of property and equipment ( <i>Note 8</i> )	137,248	5,494
	<b>6,760,117</b>	<b>15,425,875</b>
<b>Net financing charges</b>		
Accretion on long-term debt	6,697	-
Interest and financing fees	19,374	11,579
	<b>26,071</b>	<b>11,579</b>

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**For the three months ended March 31, 2019 and three months ended March 31, 2018  
(Expressed in Canadian Dollars)**

**5. EXERCISE OF SPECIAL WARRANTS AND SPECIAL WARRANT COMPENSATION OPTIONS**

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

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

During the three months to March 31, 2019, as a result of the exercise of the Special Warrants, the fair value ascribed to it of \$11,818,013 was attributed to common shares of \$7,146,078 and an increase in warrants of \$4,671,935.

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

During the three months to March 31, 2019, as a result of the conversion of Special Warrant Compensation Option of the Agents, an increase in Agent Compensation Options of \$1,021,246 and a corresponding decrease in 'Special Warrants – Agents Compensation Warrants' was recognized.

**6. NET LOSS PER SHARE**

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

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**For the three months ended March 31, 2019 and three months ended March 31, 2018  
(Expressed in Canadian Dollars)**

**7. SUPPLEMENTARY CASH FLOW INFORMATION**

	Three months ended March 31, 2019 \$	Three months ended March 31, 2018 \$
Decrease in trade and other receivables	138,540	234,690
Decrease in prepaid expenses, deposits and other assets	51,563	117,376
(Decrease) in trade payables and accrued liabilities	(4,328,450)	(483,658)
	<b>(4,138,347)</b>	<b>(131,592)</b>

Supplemental non-cash items - Common shares issued for exercise of Special Warrants of \$7,146,078 (Three months ended March 31, 2018 - \$nil)

**8. ADOPTION OF NEW ACCOUNTING STANDARDS – IFRS 16 LEASES**

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

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

	Original January 1, 2019 (IAS 17) \$	Adjustment on adoption of IFRS 16 \$	January 1, 2019 (IFRS 16) \$
Right-of-use assets	-	1,812,755	<b>1,812,755</b>
<b>Net impact on total assets</b>		1,812,755	<b>1,812,755</b>
Lease payable	-	(426,940)	<b>(426,940)</b>
Lease payable – non-current	-	(1,548,722)	<b>(1,548,722)</b>
Trade payables and accrued liabilities	(7,780,750)	95,327	<b>(7,685,423)</b>
<b>Net impact on total liabilities</b>		(1,880,335)	
Deficit	54,594,712	66,656	<b>54,661,368</b>
<b>Accumulated other comprehensive income (loss)</b>	(104,425)	924	<b>(103,501)</b>

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**For the three months ended March 31, 2019 and three months ended March 31, 2018  
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**8. ADOPTION OF NEW ACCOUNTING STANDARDS – IFRS 16 LEASES (continued)**

The table below illustrates the impact of the adoption of IFRS 16 to the unaudited interim condensed consolidated financial statements of loss and comprehensive loss for the three months ended March 31, 2019:

	<b>Three months ended March 31, 2019</b>
<b>Impact on net loss for the period</b>	
(Increase) in depreciation of property and equipment	(104,361)
(Increase) in interest and financing fees	(19,374)
Decrease in other operational costs	115,752
<b>(Decrease) in net loss for the period</b>	<b>(7,983)</b>
<b>Impact on net loss per share</b>	
Decrease in basic and diluted earnings per share	(0.00)

The Company is obligated under various leases for premises as follows:

	<b>As at March 31, 2019 (undiscounted) \$</b>
Less than 1 year	520,423
Between 2 and 5 years	1,487,302
Over 5 years	-

**BRAGG GAMING GROUP INC.**

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**9. RELATED PARTY BALANCES AND TRANSACTIONS**

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

- a. As at March 31, 2019, the Company had \$nil (December 31, 2018 - \$949,716) of trade payable and accrued liabilities due to current and former directors and officers of the Company.
- b. As at March 31, 2019, the Company had \$704,249 (December 31, 2018 - \$711,838) of trade payable to a shareholder of BGG.
- c. As at March 31, 2019, the Company had \$107,081 (December 31, 2018 - \$149,143) of amounts receivable from a director of Oryx Gaming International LLC.
- d. Salaries and subcontractors' expenses of \$nil were incurred with former officers and directors during the three months ended March 31, 2019 (three months ended March 31, 2018 - \$297,848).
- e. In the three months to March 31, 2019, the Company settled deferred consideration of \$955,020 (€639,251) to the vendor 60 days post close of the transaction that resulted in the acquisition of Oryx. As at March 31, 2019, the Company has deferred consideration payable of \$2,082,932 and contingent consideration of \$27,095,189 due to the vendor. As at March 31, 2019, the vendor in this transaction is a director of Oryx International LLC.

**BRAGG GAMING GROUP INC.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

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**10. SEGMENTED INFORMATION**

The Company's management and chief operating decision maker reviews performance of the Company on a geographical and divisional basis. The Company had three geographical segments as at and for the three months ended March 31, 2019 and three months ended March 31, 2018. The Company's revenues are earned in the following geographical areas for the three months ended March 31, 2019 and three months ended March 31, 2018:

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
	\$	\$
North America	<b>3,308,351</b>	1,078,033
Europe (excluding United Kingdom)	<b>5,893,921</b>	315,788
United Kingdom	<b>1,163,079</b>	2,022,005
	<b>10,365,351</b>	3,415,826

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

**Disaggregation of revenues**

As at and for the three months ended March 31, 2019, the Company had two reporting divisions – Online Media and B2B Online Gaming. Online Media consists of online advertising revenues and other online media services such as social media monitoring. B2B Online Gaming consists of services provided by Oryx and includes Oryx games, Oryx's iGaming platform and turnkey services.

The Group's revenue by division for the three months ended March 31, 2019 and three months ended March 31, 2018 are as follows:

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
	\$	\$
Online Media	<b>1,169,042</b>	3,415,826
B2B Online Gaming	<b>9,196,309</b>	-
	<b>10,365,351</b>	3,415,826

**BRAGG GAMING GROUP INC.**

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(Expressed in Canadian Dollars)**

**10. SEGMENTED INFORMATION (continued)**

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

	Right-of-use Assets		Equipment		Intangible assets	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
	\$	\$	\$	\$	\$	\$
North America	-	-	6,388	7,745	13,297,107	13,399,024
Europe (excluding United Kingdom)	639,649	-	217,250	187,042	9,519,411	9,764,224
United Kingdom	1,039,784	-	89,525	97,733	-	-
	1,679,433	-	313,163	292,520	22,816,518	23,163,248

Right-of-use assets consists of assets identified upon adoption of IFRS 16 *Leases* (note 8) applying the modified retrospective approach and, therefore, no restatement of prior-period balances was required.

**11. COMMITMENTS**

Bragg entered into a commercial agreement with Argyll Entertainment AG to provide software, tools, appropriate, licenses and infrastructure for the development, operation and maintenance of an online gaming service to be offered to GIVEMESPORT users. The brand being operated under this agreement is GIVEMEBET.

Under the terms of this agreement Bragg has committed to a minimum monthly net profit share of \$44,000 (£25,000) to Argyll Entertainment AG for the term of the agreement. Either party may terminate this Agreement without cause at any time on written notice to the other of not less than 90 days' notice, such notice to expire no earlier than September 2019.

The Company has contractual commitments with regards to rental of office space in the UK and Slovenia. The undiscounted contractual maturity of these commitments is summarized in note 8.