

Toronto, July 2, 2019

Dear fellow shareholder,

It was great to see some of you at the AGM last week. I am pleased to report that all resolutions which were put to shareholders were approved.

It is now a little over six months since the we formed Bragg Gaming Group Inc. (“Bragg”) and I’d like to give you all a general update and ensure we maintain an open and honest dialogue with all of our shareholders.

We’ve been busy.

Back in December when we closed the transaction, we set out some goals and initiatives for Q1. I’m very pleased to report that we have hit all our operational goals, and in most cases exceeded our own internal expectations. There are three main areas that we’ve been focused on;

1. ORYX has shown fantastic year-over-year growth and has an amazing foundation to build on. Our top priority has been to ensure the growth continues, by allowing ORYX to maintain focus. We want to ensure that the team, culture, strategy and structure that made them successful is not distracted by their acquisition by Bragg, and that we are able to assist, open doors and encourage further growth.
2. From a GIVEMESPORT (GMS) perspective, our attention is on executing a very aggressive pivot; restructuring the entire business, cutting costs deeply, and significantly improving the quality of the content produced.
3. From a corporate perspective, we have focused on announcing Bragg as a new gaming company, building an IR strategy, distancing ourselves from Breaking Data Corp’s (BKD) past, removing distractions from non-core divisions within the business, and raising our profile.

**ORYX**

In ORYX we acquired a business that had grown aggressively in previous years and whose growth continued into 2019, with \$9.2m in revenue in Q1. This represented an 83% year-over-year increase (Q1 2018 vs Q1 2019). Matevž Mazij, ORYX’s founder and current Managing Director, and the team have continued to build on this, signing 22 new customers during Q1 alone, including many tier 1 operators, such as Unibet, Mr Green and Casumo.

As I mentioned in the earnings announcement for the quarter, we are also particularly proud of the fact that we have diversified the revenues significantly. Today, ORYX’s top five clients

account for only 49% of total revenue, as compared to 75% from the top two clients just a year earlier.

Regulatory developments in Germany around casino licensing have resulted in an extremely favourable position for ORYX. As a result, ORYX is now even better situated to capitalize from the German market, as many of Germany's casino licensees use the ORYX platform. In the US, the repeal of PASPA last year represents possibly the most exciting development in gaming in the past decade. ORYX's unique B2B offering means significantly lower cost of entry and reduced risk.

### **The US and sports betting**

Nine states are currently live in the US, six further states have regulations in place but are not yet live, and 33 states are expected to be fully regulated by the end of next year. Gambling Compliance recently increased its estimates for market size, showing a market bigger than the UK within 3-4 years - at \$5.7 billion. This opportunity is going to be big and we're very well-positioned to benefit from this.

From a B2B perspective we have all the ingredients we need - strong modern technology that's easy to integrate into existing platforms, a strong network and an aggressive approach to succeed. We're going to need to make an investment into the team to drive the sales pipeline, and potentially partner with others to ensure that our offering is best in market. This is going to move quickly and we're not going to miss it.

### **GIVEMESPORT**

Recently, Liverpool played a big Champions League football (soccer) game against Barcelona. For the first time ever, we produced a proper post-match report and posted it online, literally moments after the final whistle. Within an hour, the story had been read by over 1.5 million people. There was no cost to marketing or advertising the story. It was just well-written and resulted in dissemination to our 26 million fans and 25 million followers on Facebook.

This is the perfect example of what's happening at GMS. We have an audience and following on social media channels that is second to none in the sports media world. We're now focused on leveraging it, by producing content that the audience wants to read - we don't need to pay to reach our audience. When we write good stuff, Facebook and the other social channels acknowledge this and propagate it. They define "good stuff" as content that people interact with by "liking", "commenting" or "sharing". This means wider reach and increased engagements on all social media platforms.

It's early days with this new approach, and online media is a tough sector to operate in, but we're continuing to invest into the business, and the KPIs are very positive. We reached over 65 million people through Facebook in Q1 and this number has been growing throughout Q2. Our number of Followers reached 25 million mid-way through June and is growing (note that this is different from 'Fans' - people who choose to follow us is more powerful than a "like"),. Our other channels are growing very quickly as well, through organic traffic, Instagram and Twitter.

We're also launching a completely new website in Q3 that will compete with some of the more traditional sports media sites like skysports.com and BBC Sport - we're all really excited about this and how it will increase desktop and mobile organic web traffic...watch this space!

## BRAGG

Back in December 2018, upon closing the transaction, we said we would restructure the business quickly, and we've completed much of the heavy lifting. We've brought in an entirely new board of directors, including gaming and securities expertise. A team of this calibre demonstrates that we're not the only ones who believe in the business. We've closed down or exited parts of the old BKD business that we didn't want to retain. We've established our brand, signed PR agencies in Canada and New York, engaged market makers, done a couple of no-deal roadshows and made our first steps towards an investor relations (IR) strategy – but we know we have a lot more to do and long way to go.

Warren Buffet stated in his Owners Manual (1996), principle 14:

*"We would rather see Berkshire's stock price at a fair level than a high level. Obviously, I can't control Berkshire's share price. But by our policies and communications, we can encourage informed, rational behaviour by owners that, in turn, will tend to produce a stock price that is also rational. Our it's-as-bad-to-be-overvalued-as-it-is-to-be-undervalued approach may disappoint some shareholders. We believe however, that it affords Berkshire the best prospect of attracting long-term investors who see to profit from the progress of the company rather than the investment mistakes of their partners"*

If hype is what we were after, then we'd be running an "e-sports, cannabis, blockchain, US-facing sports betting business". But we're not. What we are running is a very strong, successful business with solid recurring revenue, exceptional growth prospects and an amazing team to drive it forward. The foundation is solid, and growing fast. The markets haven't worked that out yet. But we have. Our competitors are trading at revenue multiples that if applied to us would have our share price significantly higher than where it is today. They're doing nothing better than us nor is their business any stronger. In my opinion, with our assets and the opportunity in US and Germany in front of us, we should be trading at multiples higher than them.

It's early days for Bragg – we're moving on from the BKD business. We'll build our name and brand, develop our IR strategy and ensure we stay focused on the business.

We're here for the long run and we plan to build significant shareholder value. We're going to do that by continuing to prioritize the business operations, improving our IR, and raising our corporate profile. I have no doubt the market will soon wake up and see how badly undervalued we are and the rest will be history.

Thank you all for your support so far. I plan to continue to communicate regularly with everyone on the operations and progress we're making at Bragg. If you would like to continue receiving all our updates please provide me your contact info [here](#).



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Sincerely,

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CEO, Bragg Gaming Inc.

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