



# Second Quarter 2023 Results Presentation

August 2023

NASDAQ: BRAG | TSX: BRAG

# Forward Looking Statements



This presentation contains certain "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") which are based upon Bragg Gaming Group Inc.'s (the "Bragg") current internal expectations, estimates, projections, assumptions and beliefs which are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond Bragg's control and many of which are subject to change. Such forward-looking information may include information regarding Bragg's financial position, business strategy, growth strategies, the status of currently planned acquisitions, addressable markets, budgets, operations, financial results, financial targets and expansion plans. In some cases, such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "would", "intend", or "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of historical fact.

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## Non-IFRS Measures

This presentation makes reference to certain non-IFRS measures, including Adjusted EBITDA and EBITDA. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore not necessarily comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. These non-IFRS measures and metrics are used to provide investors with supplemental measures of Bragg's operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. Bragg also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures, including industry metrics, in the evaluation of companies in our industry. Management also uses non-IFRS measures and industry metrics in order to facilitate operating performance comparisons from period to period, the preparation of annual operating budgets and forecasts and to determine components of executive compensation. See related disclosure in Bragg's Annual MD&A (including under the heading "Limitations of Key Metrics and Other Data").



2023

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# Operational Highlights



Key developments since April 1, 2023



## Top Tier Partnerships



adjarabet.com

### 888 / William Hill

New global agreement

### PokerStars

UK launch; global agreement

### Flutter market leader Adjarabet

Georgia market entry



## Global Distribution



### Sweden

B2B license obtained

### Switzerland

Continued growth; 3 new brands

### Spain

Two new customers



## Content Traction



POWERED BY BRAGG

### Content cadence increasing

Land-based to online focus

### Cumulative effect on margins

Content segment growth

### Devil's Lock by Bluberi

Top 10 EKG launch in the U.S.



## U.S. Rollout



RUSH STREET  
INTERACTIVE

FANDUEL

WYNNBET

### New RGS & content live in PA

Rush Street Interactive live May

### FanDuel content launches

Michigan & Connecticut

### Content live with WynnBET

In New Jersey



# Financials



# Second Quarter 2023 Financial Results



## 2023 Financial Highlights

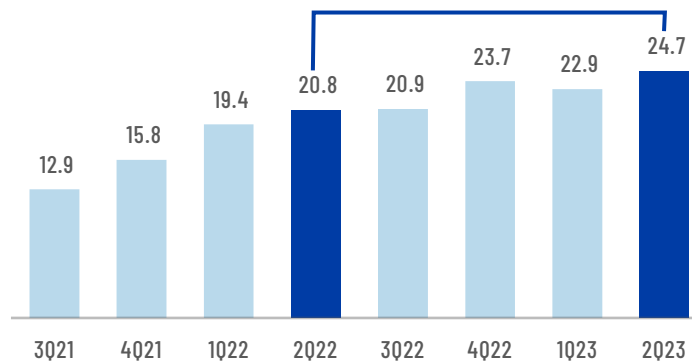
- Revenue increased by 18.9% to EUR 24.7m
- Wagering<sup>1</sup> generated by Bragg's customers up by 31.2% to EUR 5.5b.
- Gross profit increased by 18.9% to EUR 13.8m with margins stable at 55.9%
- Adjusted EBITDA up by 51.3% to EUR 4.7m with margins increasing by 410 bps to 19.2%
- Operating income up by EUR 0.5m to EUR 1.3m as a result of improved underlying performance and cost control
- Net income increased by EUR 0.3 m to EUR 0.4m

### Updating 2023 guidance

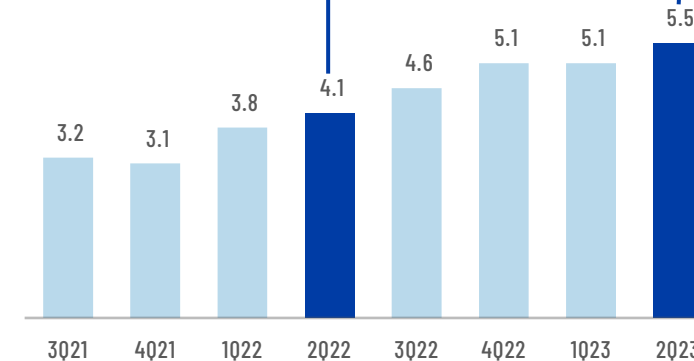
- EUR 95 - 97 million; midpoint implies 13.3% growth from 2022 levels
- EUR 15.5 - 16.5 million; midpoint implies 32% growth in AEBITDA from 2022 levels

## Historical Financial Overview

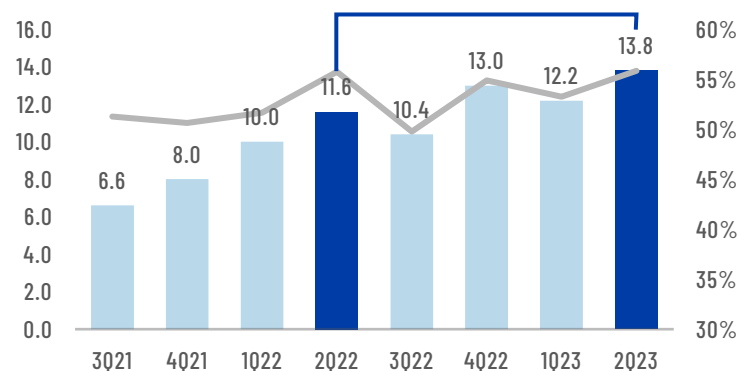
Revenue (EUR,m)



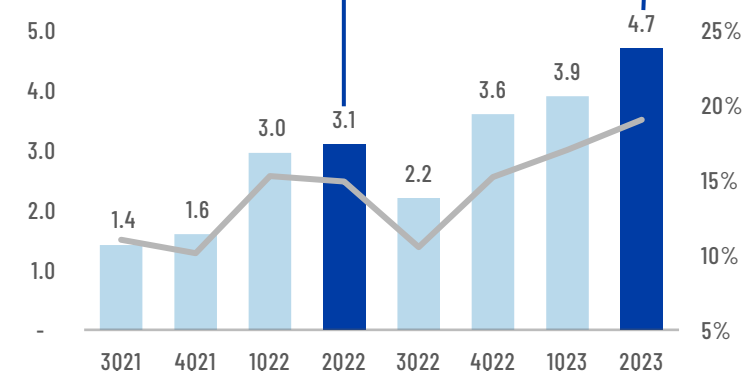
Wagering (EUR,b)



Gross Profit (EUR,m)



Adjusted Ebitda (EUR,m)



1. Wagering generated via Bragg's proprietary, third party and aggregated content

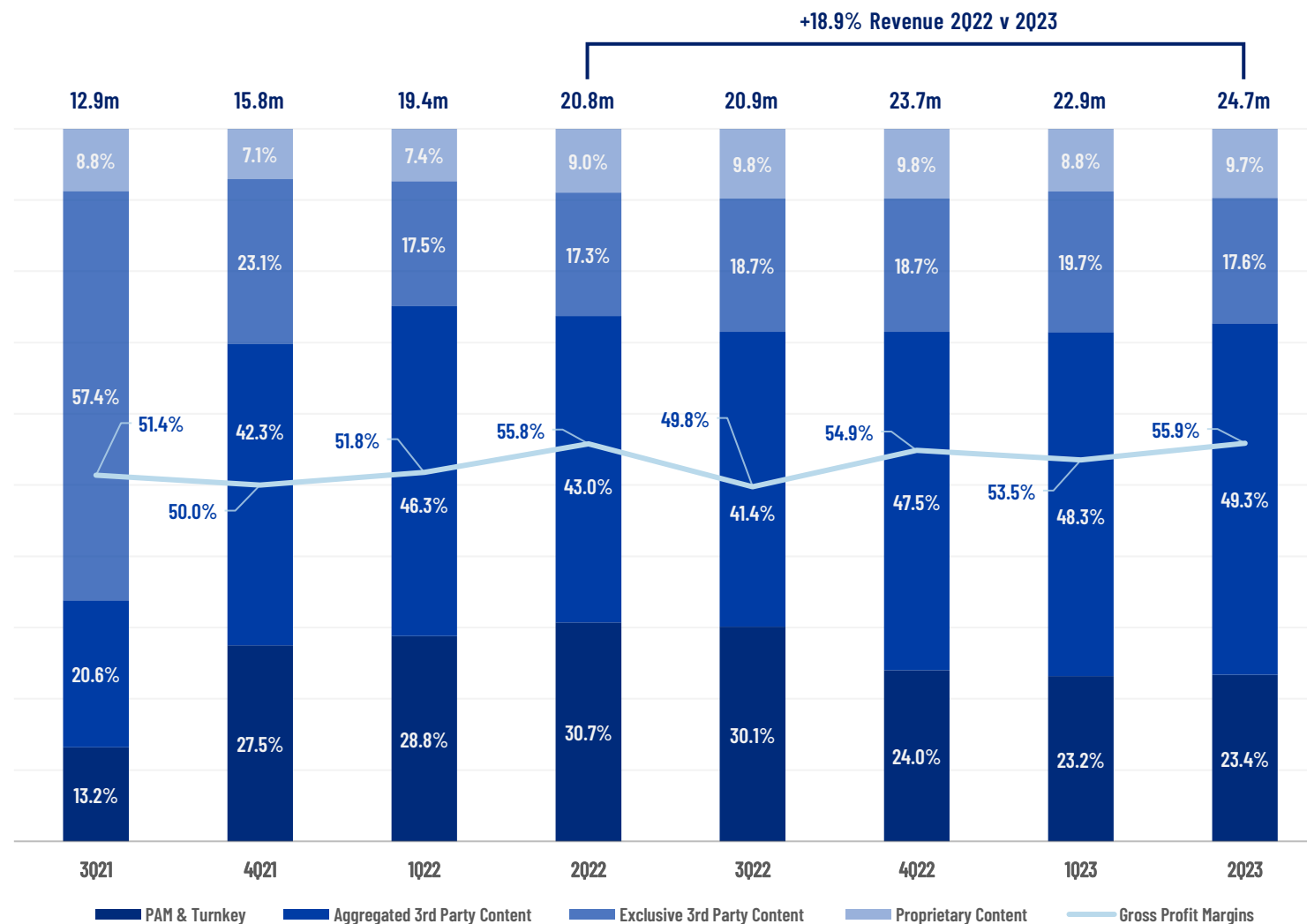
# Second Quarter 2023 Product Mix



## 2023 Gross Profit Margins

- Gross profit growth trajectory since 3Q21 as a result of changes in Bragg's product mix
- Gross profit increased by 18.9% to EUR 13.8m with margins stable from previous year 55.9% while increasing by 241 bps from previous quarter
- The 2Q23 revenue growth vs 2Q22 was driven mainly by the Dutch PAM and turn-key customers together with the outperformance of our content offering (Bragg Studios, Powered by Bragg & Bragg Hub aggregated content)
- In 2Q23 content revenue segment increased to EUR 18.9m and represented 76.6% of total revenue (2Q22: EUR 14.4m and 69.3%) highlighting Bragg's execution of the content strategy.
- Committing to our long term strategy to **exceed 60% Gross Profit** margin by FY25

## Product Mix Continues to Evolve



# Second Quarter 2023 Adjusted EBITDA Reconciliation



## Reconciliation Operating Income to Adj. EBITDA

EUR 000	Three Months Ended June 30,	
	2023	2022
Operating income	1,271	791
<sup>(1)</sup> Depreciation and amortization	3,254	1,883
EBITDA	4,525	2,674
Depreciation of right-of-use assets	(84)	(48)
Lease interest expense	(11)	(4)
<sup>(2)</sup> Share based compensation	526	797
Transaction and acquisition costs	(5)	146
<sup>(3)</sup> Exceptional costs	318	39
Loss on remeasurement of derivative liability	115	-
Gain on settlement of convertible debt	(204)	-
<sup>(4)</sup> Gain on remeasurement of deferred consideration	(438)	(469)
<b>Adjusted EBITDA*</b>	<b>4,742</b>	<b>3,135</b>

- (1) Depreciation and amortization:** the increase in intangibles amortization is part of the Spin Games acquisition in June 2022, and the increase in capitalized software development costs
- (2) Share based compensation:** the charge for awards granted to senior management during the period composed of DSUs, RSUs and options
- (3) Exceptional costs:** costs mainly associated with the discontinued contractual relationship of employees
- (4) Gain on remeasurement of deferred consideration:** costs mainly associated with the acquisition of Spin Games in June 2022 on the total outstanding deferred liability

\* 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.



# Working Capital and Balance Sheet



## Balance Sheet and Net Working Capital

EUR 000	As at June 30, 2023	As at December 31, 2022
Cash and cash equivalents	10,742	11,287
Trade and other receivables	16,515	16,628
Prepaid expenses and other assets	3,387	1,823
Current liabilities excluding deferred consideration	(22,322)	(23,131)
<b>Net working capital</b>	<b>8,322</b>	<b>6,607</b>
Deferred consideration	(899)	(1,176)
<b>Net current assets</b>	<b>7,423</b>	<b>5,431</b>

### Balance Sheet and Cash Position

- Balance sheet with EUR 10.7m cash and USD 7.0 m convertible debt facility at end of the period. (As of August 10, 2023 total outstanding liability is further reduced to USD 6.0m due to cash repayment of USD 1.0m)
- Projected positive free cash flow from operational activities **with no financing or further debt requirements**
- No capex or technology debt needs
- Improving net working capital position, free cash and cash collection

## Cash Flow and Financial Resources

EUR 000	Six Months Ended June 30,	
	2023	2022
Operating activities	5,158	7,587
Investing activities	(3,915)	(11,873)
Financing activities	(1,329)	(835)
Effect of foreign exchange	(459)	161
<b>Net cash flow</b>	<b>(545)</b>	<b>(4,960)</b>

### Operating Activities

- Total of operating activities for the six month period ended EUR 5.2m (H122: EUR 7.6m ) with an underlying performance reaching EUR 7.4m (H122: EUR 4.4m) and a movement in working capital and income taxes of negative EUR 2.2m (H122: positive EUR 3.2m)

### Investment Activity

- EUR 3.7m investment in intangible assets related to the capitalisation of software development costs in the period. (H122: EUR 2.7m) . Previous year EUR 8.5m related to the Consideration paid for Spin gaming upon business combination .

### Financing Activities

- EUR 0.9m for the repayment of convertible debt and EUR 0.3m for other loan, lease liabilities and related interest and financing charges.

# Financial Focus Areas



A clear plan to further improve financial performance by increasing Gross Profit and AEBITDA margins, to enhance net working capital

## Revenue



- Diversifying revenue mix, focusing on distribution of in-house **Bragg Studios** content and maintaining a profitable relationship with our exclusive partners
- U.S. acquisitions and exclusive partner studios support **accelerated U.S. market penetration**
- Strengthen the long term relationships with our tier 1 customers in various markets, and positioning **Bragg as must-have iGaming content and tech partner**

## Margin



- **Improving Gross Profit** margin by optimizing product mix, leveraging our PAM, aggregation and exclusive content
- Optimising **investment in tech and people** ensuring efficient revenue growth
- Capitalizing on synergies to **lower cost base** and utilizing global operational functions
- Committing to our long term strategy of **exceeding 60% Gross Profit** and **25% AEBITDA** margins by FY25

## Net Working Capital



- Strong performance leading to **increased free cash flow**
- **Optimize CAPEX** and operational expenditure
- Exploring options for a credit facility or line of credit to **enhance working capital position**
- Continue to utilize free cash flow from operations to **repay convertible securities** to avoid further dilution



# Business & Operational Commentary



# New Tier 1 Commercial Agreements Increase Distribution Reach



Global distribution agreements with Flutter's Pokerstars and Adjarabet, and with 888 Holdings, unlock new launches for Bragg content

- Leveraging Bragg's **agile tech stack and compatible products resulting in fast time-to-market**
- One commercial framework offers **multi-market, multi-brand access**
- Reaffirms Bragg's positioning as a **partner of choice in a competitive landscape**

HOLDINGS

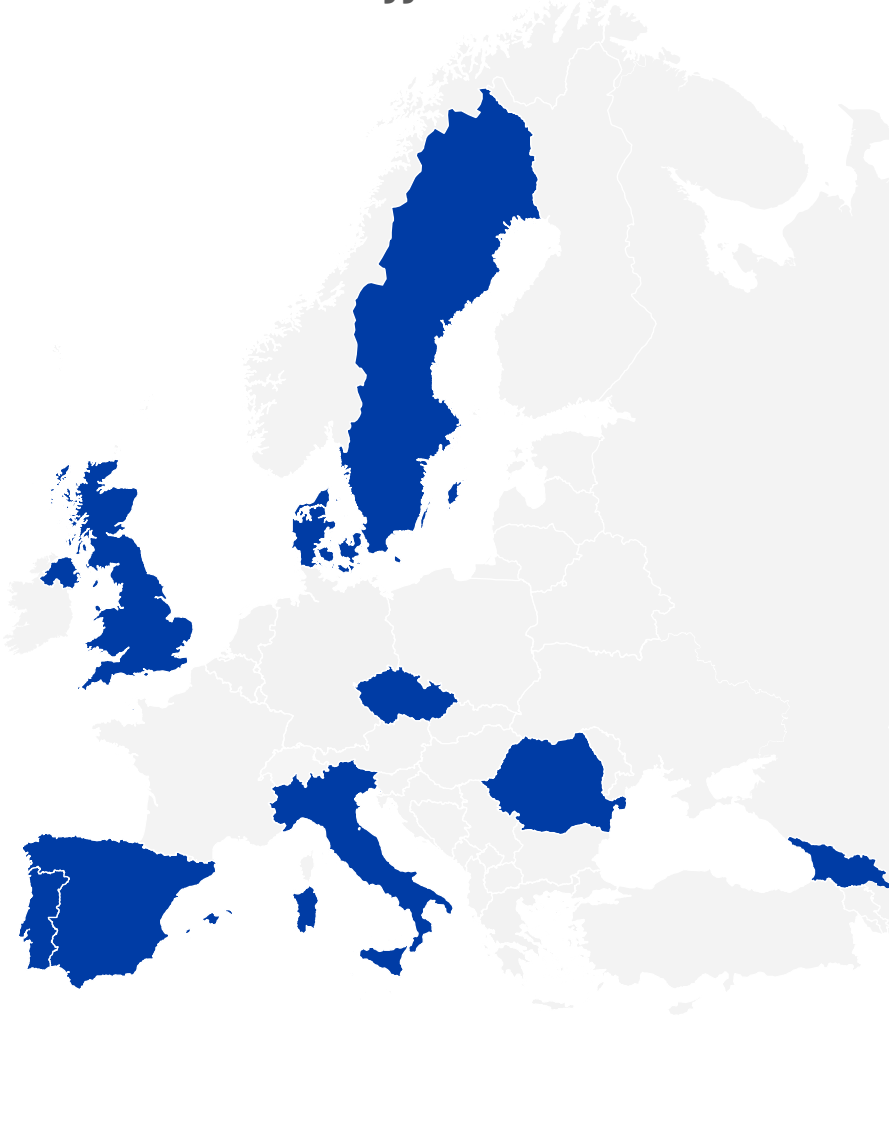
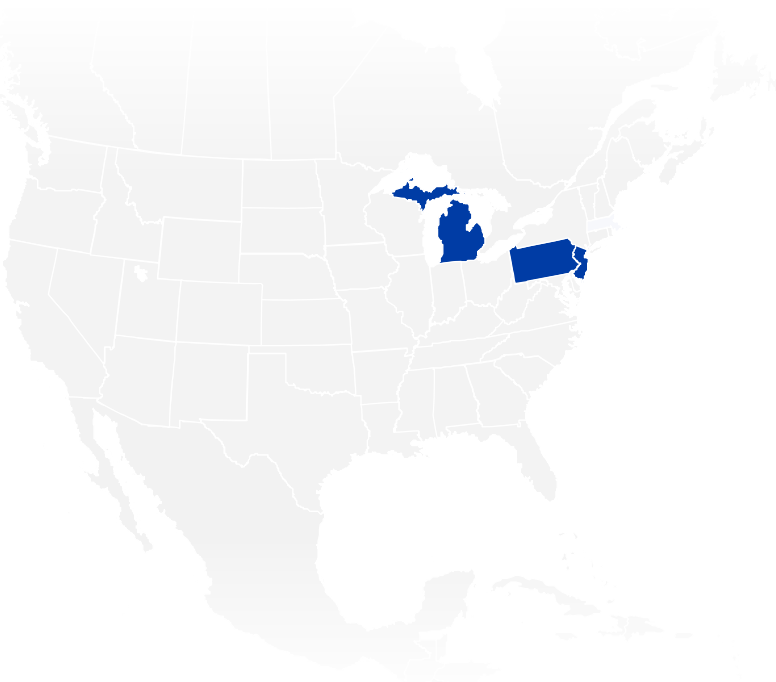
William HILL	888 casino	888 green	888 green
UK	Italy	Sweden	Denmark

POKERSTARS

UK	Italy	Sweden	Denmark	Portugal	Spain
Romania	Czech Republic	New Jersey	Michigan	Pennsylvania	

adjarabet.com

Georgia



# Bragg Studios Content Performance



Expanding Gross Profit through proprietary Bragg Studios and diversified regulated jurisdictions

- Streamlined development and deployment of **Bragg Studios** content, new customers and market expansion is **driving Gross Profit increase**
- Proportion of Bragg RGS Gross Profit derived from Bragg Studios brands **rose to 36%** in **2023**
- Bragg Studios brands are **resonating well in all markets** including in the United States, the United Kingdom and the Netherlands
- Supported by Bragg’s **Fuze™ player engagement** toolset, offering bonus features such as free rounds, tournaments & quests

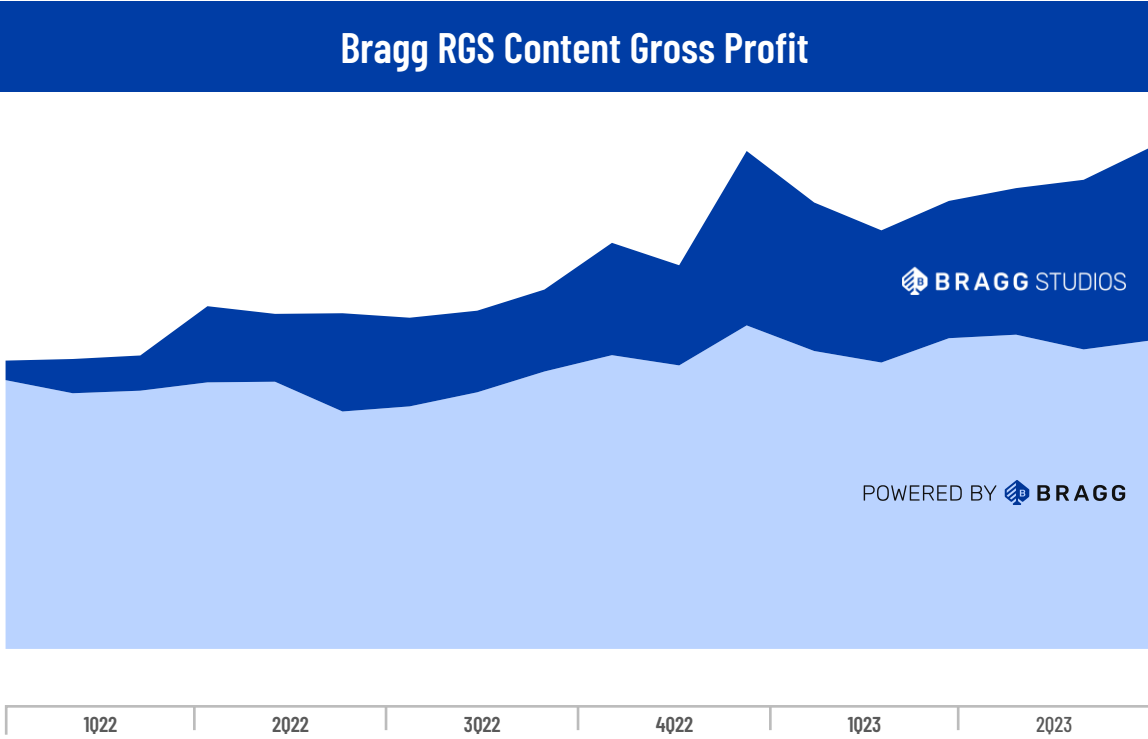


Chart represents total gross profit on games deployed via Bragg remote games server ("RGS") technology, excluding games that are deployed uniquely on Bragg's ROC (Spin Games) RGS

# U.S. Content Strategy: Taking Land-Based Online



Bragg brings popular land-based titles to the online market; demonstrating early traction and potential

- Bragg has proven experience in building successful land-based casino games
- Bragg develops and deploys **proprietary online adaptations** of its land-based titles through **Bragg Studios**
- Bragg **partnered with popular U.S. land-based providers** to bring their games online, **Powered by Bragg**
- Devil's Lock by Bluberi, **Powered by Bragg**, launched **online in the U.S.** in May 2023
- Devil's Lock was ranked **a top 10 new game** by Eilers & Krejcik for the U.S. in June 2023

 **BRAGG STUDIOS**



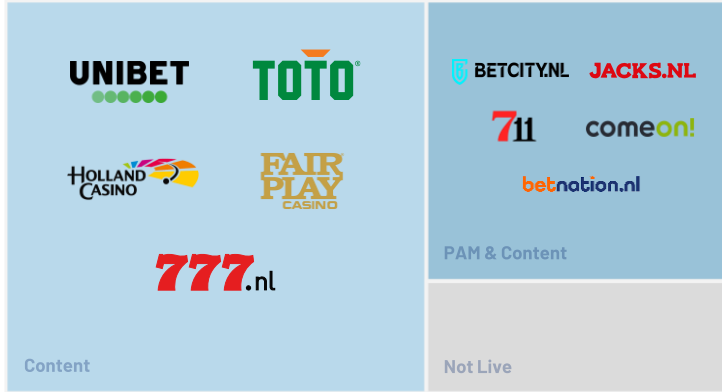
# Market Roll-out Strategy



Growing Bragg's distribution by rolling out with key operators, market by market



## The Netherlands: 88% distribution



## Switzerland: 99% distribution



## Michigan: 91% distribution



## New Jersey: 75% distribution



## Pennsylvania: 71% distribution



## Connecticut: 100% distribution



# Outlook & Summary



- 1 Record first half revenue and AEBITDA for Bragg, including positive net income
- 2 Utilizing free cash flow to repay convertible security
- 3 Content-led strategy showing early signs of success
- 4 Ongoing key commercial negotiations, aiming to extend and expand partnerships
- 5 Strong current trading leading to updated 2023 guidance



**Thank you**

