NYX GAMING GROUP

Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2016

www.nyxgg.com

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management Discussion and Analysis ("MD&A") provides information concerning our financial condition, results of operations and cash flows for NYX Gaming Group Limited ("NYX", "Group", "Company", "we", "us", or "our"), on a condensed consolidated basis, for the nine-month period ended September 30, 2016. This document should be read in conjunction with the information contained in the Company's unaudited condensed consolidated financial statements and related notes for the nine-*month period ended September 30, 2016 and with the audited consolidated financial statements and notes for the year ended December 31, 2015 and the Management Discussion and Analysis thereon, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements and additional information regarding the business of the Company are available at www.sedar.com and the Company's website at www.nyxgg.com.*

Certain statements in this document are about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments that constitute forward-looking statements and prepared by the Company's Management ("Management") in accordance with standard practice. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indicates", "anticipates", "believes", "estimates", "predicts", "likely", "potential", or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Applicable risks and uncertainties include, but are not limited to: credit, market, currency, operational, liquidity, and funding risks, including changes in economic conditions, interest rates or tax rates, the impact of government regulation on the online gaming industry and the risk that such regulation is subject to change, competition from other providers of online gaming services, the possibility that the Company be unable to successfully integrate the B2B Business as described herein, the risks associated with international and foreign operations, the impact of consolidations in the online gaming industry, and the other risks identified under the heading "Risk Factors" in the Company's final long form prospectus dated December 18, 2014, as filed on SEDAR at www.sedar.com, and in other filings that NYX may make with applicable securities authorities in the future. Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. The purpose of the forward-looking statements is to provide the reader with a description of Management's expectations regarding our financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this document are made as of the date of this document, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities regulations. The forward-looking statements contained in this document are expressly qualified by this cautionary statement. Some of the information contained in this discussion and analysis contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated or underlying forward-looking statements as a result of various factors. This MD&A reflects information available to us at November 15, 2016 and relates to the nine-months ending September 30, 2016.

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be 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, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures, including Adjusted EBITDA, to provide investors with supplemental measures of our operating performance. We believe non-IFRS measures are important supplemental measures of operating performance because they eliminate items that have less bearing on our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors, and other interested parties frequently use non-IFRS measures in the evaluation of companies, many of which present similar metrics when reporting their results. Our Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets. Because other companies may calculate these non-IFRS measures differently than we do, these metrics are not comparable to similarly titled measures reported by other companies.

For reporting purposes, we prepared the consolidated financial statements in Canadian dollars and in conformity with International Financial Reporting Standards as adopted by the IASB. Unless otherwise indicated, all dollar ($) amounts in this MD&A are expressed in Canadian dollars. References include British Pounds (£), Euros (€), Swedish Krona (kr), United States Dollars (US $), Singapore Dollars (S$), and Australian Dollars (AU$).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

NYX Gaming Group Limited ("NYX" or "Company") is a digital gaming software supplier engaged in the design, development, manufacture and distribution of digital gaming solutions for interactive, social, and mobile gaming worldwide. We provide a comprehensive suite of gaming solutions, a distribution platform, full gaming process support services, brand and player management, and both Real Money Gaming ("RMG") and social gaming products and services. We have 1,040 employees (including 537 engineers and developers) and over 180 customers. Our registered office is in Guernsey, and our principal offices are in the United States, United Kingdom, Sweden, Australia, and Greece.

Our software platform is built on a fully-flexible system that is deployable within the international gaming industry. It supports all parts of our customers' business (interactive, mobile, and social networks). Our content platform has approximately 750 proprietary and over 900 third-party supplied lottery, bingo, and casino games developed to address the multi-channel content and distribution strategies of our customers. Our software platform supports online interactive game play and enables the deployment of software applications for casino, lottery, bingo, poker, mini-games, and social games over web-based, tablet/mobile, and social media applications. Our solutions are designed to provide a complete account suite with full back-office capabilities, including tournaments, bonuses, affiliates, campaigns, data warehouses, and data mining across multiple products, all while providing players with community and social media-based entertainment content to maximize their playing experience.

We believe we are well-positioned for future growth in the digital gaming industry due to our content, platform technology, distribution capabilities, which provide best-of-breed solutions for our customers. With established brand-name customers already using our products and services, our platform is capable of further deployment with large operators and technology providers.

We offer a range of products and services, including:

- Platform and technology: Our full suite of digital gaming platform solutions;
- Content: Proprietary library of more than 750 web and mobile enabled games, including casino, bingo, and lottery games and over 900 games from various third-party content suppliers;
- Poker: Licensed reseller in Europe and exclusive supplier in North America, and;
- Social: Fully-hosted gaming platform including casino, bingo, lottery, and poker products.

Recent Highlights

On September 26, 2016, NYX was awarded the Digital Gaming Innovator at the 2016 Global Gaming Awards held in Las Vegas. NYX won the award specifically for its online slot, "Witch Pickings", which introduced industry-unique bonus features and has been a top performing game since its launch earlier this year.

On November 3, 2016, NYX announced that it has been granted unconditional registration as a Class B Supplier from the Gaming Policy and Enforcement Branch (GPEB) in British Columbia. The registration permits NYX to deploy its market-leading content in British Columbia for the first time. The NYX sportsbook technology business, OpenBet, was certified in Canada in 2012, where they have longstanding partnerships with British Columbia Lottery Corporation's (BCLC), Loto-Québec and the Atlantic Lottery Corporation. In 2016, BCLC's combined net win grew to CAD$2.36 billion with much of the growth attributed to the expansion of online gaming, which delivered 24.0% year-over-year growth.

State of the Company

During the third quarter of 2016, we signed seven new agreements for our Open Gaming System ("OGS") and Open Gaming Platform ("OPS") with operators such as Topsport, Comeon!, Televisa, and OlyBet.

We successfully launched our OGS content across eight new client sites including Goalbet, TonyBet, and Sverige Kronan, among others.

As of September 30, 2016, our development pipeline remains strong as we held commitments with 23 customers that have not yet launched. This include four OPS plus OGS deals and 19 OGS deals. As of November 15, 2016, we signed ten new deals and launched four new clients.

Our NYX content studios released 18 new games during the three month period ended September 30, 2016. The number of game instances (i.e., unique game installations) across our distribution network grow from 21,547 in Q2 2016 to 25,562 in Q3 2016, or 18.6% growth for the quarter.

Selected Financial Information

CAD$ (in 000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Total revenue	54,363	13,296	109,225	33,931
Gross profit	49,073	11,101	96,068	28,959
Gross profit %	90.3%	83.5%	88.0%	85.3%
Net income (loss)	41,350	(6,500)	3,182	2,335
Basic income (loss) per share	0.45	(0.14)	0.05	0.06
Diluted income (loss) per share	0.44	(0.14)	0.05	0.06
Total assets	845,835	285,809	845,835	285,809
Total non-current liabilities	503,360	126,162	503,360	126,162

We have historically produced, marketed, and distributed our innovative solutions through direct sales channels via our worldwide sales team. Our direct customers are digital operators that operate in regulated gaming jurisdictions, as well as land-based slot manufacturers and other legal gaming operators. Commercialization is typically preceded by securing a supplier's/manufacturer's license from the gaming jurisdiction, and by receiving technical product approval from independent testing laboratories or the jurisdiction's test labs. Once the order stage is reached, a supply agreement is usually established and one or multiple deliveries are processed under the supply agreement. We evaluate revenue performance by revenue stream. The increase in revenue and gross profit for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 is attributable to a number of factors including new customer launches, the Company's purchase of OpenBet, and increased gaming revenues from our existing customers.

CAD$ (in 000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Royalty/License Fees	26,488	11,471	64,698	28,336
Professional Services	24,729	436	38,059	1,353
Social Gaming	3,146	1,389	6,468	4,242
Total Revenue	**54,363**	**13,296**	**109,225**	**33,931**

General and administrative expenses include distribution, remuneration of related personnel, professional fees associated with consultants, tax, accounting and legal advice, travel and trade show activities, gaming license fees, insurance costs, facilities, communications and general office expenditures. The portion of the remuneration included in personnel costs that relate to the compensation of our software engineering group is expensed, except in cases where development costs meet certain identifiable criteria for deferral. Accordingly, development costs, which have a probable future economic benefit and can be clearly defined and measured, and are incurred for the development of new products or technologies, are capitalized. These development costs are not amortized until the products or technologies are commercialized, at which time, they are amortized over the estimated life of the commercial production. We review these capitalized assets for impairment on an annual basis. The increase in expense for the three months and nine months ended September 30, 2016 over the prior year periods was mainly the result of the Company's Chartwell and Cryptologic acquisitions, which closed July 31, 2015, and the Company's OpenBet acquisition, which closed May 20, 2016. The main driver of increased personnel cost was the increase in employee headcount to 1,040, including 537 engineers.

CAD$ (in 000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Marketing cost	2,228	1,191	4,084	3,005
Administrative cost (net of impairments, depreciation and amortization)	9,311	2,576	19,260	6,928
Personnel cost	24,440	8,949	50,128	21,803
Depreciation	515	220	1,168	456
Amortization	8,050	2,828	18,120	5,342
Impairment - intangibles	—	—	6,485	—
Impairment - goodwill	—	—	166	—
Acquisition and restructuring cost	694	6,637	16,813	8,637
Other (income) expense	(557)	(134)	(5,923)	(17,590)
Capitalized development	3,921	2,506	7,873	6,459
Finance expense	7,511	1,509	17,912	2,013
Fair value adjustment to derivative (gain) loss	(41,737)	(6,284)	(47,004)	(5,507)

Exchange Rate

We conduct the majority of our business transactions in seven currencies: British Pounds, Euros, Swedish Krona, Singapore Dollars, Canadian Dollars, U.S. Dollars, and Australian Dollars. Most of our sales are denominated in British Pounds, Euros, and U.S. Dollars. The majority of our operating expenses (i.e., salaries and operating costs) are paid from one of our primary operating subsidiaries based in Sydney, Stockholm, Athens, London and Las Vegas, and therefore, are our expenses are primarily denominated in Australian Dollars, Swedish Krona, British Pounds, Euros, and U.S. Dollars. As such, we are exposed to the risk of fluctuations in the currency exchange rates. We do not intend to introduce a hedging program to mitigate the impact of fluctuations between these currencies, as these activities can experience negative repercussions themselves.

Summary of Results by Quarter

CAD$ (in 000s)	3rd Quarter 2016	2nd Quarter 2016	1st Quarter 2016	4th Quarter 2015	3rd Quarter 2015	2nd Quarter 2015	1st Quarter 2015	4th Quarter 2014
Total revenue	54,363	35,211	19,651	18,377	13,296	10,698	9,938	8,569
Net income (loss)	41,350	(29,030)	(9,137)	(10,739)	(6,500)	13,868	(5,034)	(8,317)
Basic income (loss) per share	0.45	(0.56)	(0.18)	(0.21)	(0.14)	0.41	(0.15)	(0.30)
Diluted income (loss) per share	0.44	(0.56)	(0.18)	(0.21)	(0.14)	0.31	(0.15)	(0.30)

Seasonality

Historically, we have noticed a slight decline across all of our product and service revenues during the months June, July, and August, as end-users tend to spend more time outdoors during the aforementioned months and less time gaming. However, such seasonal impact on our financial position has been significantly reduced over the past few years given the increased use of our games on mobile devices, which enables our games to be played by end-users anywhere in the relevant jurisdiction and at any time. Our Social Gaming business does experience increases in revenue during the fourth quarter as revenue for this segment is based on advertising rates which are generally stronger during the holiday season and weaker during the first quarter of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Comparison of the Three and Nine Month Periods Ended September 30, 2016 and September 30, 2015

Revenue

Revenue for the three months ended September 30, 2016 increased to $54.4 million, or 308.9%, from $13.3 million for the three months ended September 30, 2015. All revenue categories grew significantly as a result of a full quarter contribution from the Company's prior year acquisitions of Chartwell and Cryptologic in the amount of $2.1 million, which were acquired July 31, 2015, a full quarter contribution from OpenBet in the amount of $31.5 million, which the Company acquired May 20, 2016, and eight new customers launched during the current quarter. Royalty and License revenue for the quarter increased $15.0 million, or 130.9% to $26.5 million from $11.5 million for the same period in the prior year. Professional Services revenue for the quarter increased $24.3 million to $24.7 million from $0.4 million for the same period in the prior year mainly from the acquisition of ObenBet.

Revenue for the nine months ended September 30, 2016 increased $75.3 million or 221.9% to $109.2 million from $33.9 million for the nine months period ended September 30, 2015. As was the case above, all revenue categories grew significantly as a result of the Company's prior year acquisitions of Chartwell, Cryptologic, and OpenBet, as well as 32 new customers launched during the current period. Revenue from Chartwell and Cryptologic and OpenBet was $7.4 million and $48.0 million, respectively for the nine months ended September 30, 2016. Royalty and License revenue for the nine-month period increased $36.4 million or 128.3% to $64.7 million from $28.3 million for the same period in the prior year. Professional Services revenue for the nine-month period increased $36.7 million to $38.1 million from $1.4 million for the same period in the prior year.

Gross Profit

Gross profit increased by $38.0 million or 342.1% for the three months ended September 30, 2016 to $49.1 million compared to $11.1 million the three months ended September 30, 2015. Gross profit percentage was 90.3% for the three months ended September 30, 2016 compared to 83.5% for the three months ended September 30, 2015. The increase in gross profit was a result of an increase in revenue from the underlying core casino business and the revenue impact from acquisitions of $33.6 million.

Gross profit increased by $67.1 million or 231.7% for the nine months ended September 30, 2016 to $96.1 million compared to $29.0 million the nine months ended September 30, 2015. Gross profit percentage was 88.0% for the nine months ended September 30, 2016 compared to 85.3% for the nine months ended September 30, 2015. The increase in gross profit was a result of an increase in revenue from the underlying core casino business and the revenue impact from acquisitions of $55.4 million.

Administrative and Personnel Expenses

Administrative and personnel expenses (net of depreciation, amortization, and impairment) increased by $22.2 million to $33.8 million for the three months ended September 30, 2016 compared to $11.5 million for the three months ended September 30, 2015. The increase was primarily due to the higher operating and personnel expenses associated with the Company's acquisitions of Cryptologic, Chartwell and OpenBet in the amount of $20.4 million. In addition, increases in personnel and administration costs associated with support functions for legal, finance, and human resources contributed to the increase in expenses.

For the nine-month period ended September 30, 2016, Administrative and personnel expenses (net of depreciation, amortization, and impairment) increased by $40.7 million to $69.4 million compared to $28.7 million for the nine months ended September 30, 2015. The increase was primarily due to the higher operating and personnel expenses associated with the Company's acquisitions of Cryptologic, Chartwell and OpenBet of $33.6 million. In addition, increases in personnel and administration costs associated with support functions for legal, finance, and human resources contributed to the increase in expenses.

Finance Cost/Foreign Exchange

Net financing income was $34.2 million for the three months ended September 30, 2016 compared to financing income of $4.8 million for the three months ended September 30, 2015. The difference was mainly due to the change in fair value of the embedded derivatives related to the equity conversion feature in the preferred shares, convertible debentures, and certain warrants. The derivatives are valued using different valuation methodologies. The main factors driving the change are volatility in the Company's stock price and strike prices greater than the current stock price. As of September 30, 2016, these derivative liabilities are valued at $75.4 million and with the volatile nature of our stock could cause large changes in value. There is no cash impact to these changes and generally these instruments are converted into ordinary shares.

Net financing income was $29.1 million for the nine months ended September 30, 2016 compared to financing income of $3.5 million for the nine months ended September 30, 2015. The difference mainly due to the change in fair value of the embedded derivatives related to the equity conversion feature in the preferred shares, convertible debentures, and certain warrants. The derivatives are valued using different valuation methodologies. The main factors driving the change are volatility in the Company's stock price and strike prices greater than the current stock price. There is no cash impact to these changes and generally these instruments are converted into ordinary shares.

Foreign exchange gain for the three months ended September 30, 2016 was $0.0 million compared to a loss of $0.3 million for the three months ended September 30, 2015.

Foreign exchange gain for the nine months ended September 30, 2016 was $0.5 million compared to a loss of $2.0 million for the nine months ended September 30, 2015.

Net Income Tax Benefit

Net income tax benefit was $2.7 million for the three months ended September 30, 2016 compared to a benefit of $0.2 million for the three months ended September 30, 2015. The net income tax benefit was $3.2 million for the nine months ended September 30, 2016 compared to a benefit of $0.4 million for the nine months ended September 30, 2015.

Basic and diluted earnings per share was $0.45 and $0.44, respectively, for the three months ended September 30, 2016 versus a loss of $0.14 in basic and diluted earnings per share for the three months ended September 30, 2015. The increase was the result of income recognized from positive changes in the fair market value of embedded derivatives related to the equity conversion feature in the preferred shares, convertible debentures, and certain warrants.

Basic and diluted earnings per share was $0.05 for the nine months ended September 30, 2016. The increase was the result of income recognized from changes in the fair market value of embedded derivatives related to the equity conversion feature in the preferred shares, convertible debentures, and certain warrants.

Our net income for the three months ended September 30, 2016 was $41.4 million compared to a net loss of $6.5 million for the three months ended September 30, 2015. Our net income for the nine months ended September 30, 2016 was $3.2 million compared to net income of $2.3 million for the nine months ended September 30, 2015 The increase in net income was primarily the result of income recognized from changes in the fair market value of the embedded derivatives and a three month positive contribution of OpenBet.

Adjusted EBITDA

CAD$ (in 000s)	**Three Months Ended**		**Nine Months Ended**	
	September 30, 2016	**September 30, 2015**	**September 30, 2016**	**September 30, 2015**
Net income (loss)	**41,350**	**(6,499)**	**3,182**	**2,336**
Net tax benefit	(2,705)	(161)	(3,189)	(429)
Income (loss) before tax	**38,645**	**(6,660)**	**(7)**	**1,906**
Depreciation and amortization	8,565	3,048	19,288	5,798
Net finance expense	7,523	1,503	17,912	1,994
EBITDA	**54,733**	**(2,110)**	**37,193**	**9,699**
Impairment	—	—	6,651	—
Fair value adjustment to derivative	(41,737)	(6,284)	(47,004)	(5,507)
Loss on exchange of debt	—	—	15,382	—
Revaluing contingent consideration	—	—	(6,077)	—
Other (income) expense	(557)	—	154	30
Foreign currency (gain) losses	(39)	276	(516)	1,984
Share-based payments	796	75	1,268	140
Acquisition and restructuring expenses	694	6,637	16,813	8,637
Gain on acquisition	—	—	—	(17,395)
Ongame	610	2,502	5,950	8,200
Adjusted EBITDA	**14,500**	**1,095**	**29,814**	**5,788**

Adjusted EBITDA was $14.5 million and $29.8 million for three months and nine months periods ended September 30, 2016 compared to $1.1 million and $5.8 million, respectively for the same period ending September 30, 2015. During the period, EBITDA was positively impacted by strong growth in revenues from strong organic growth in our real money casino business and the consolidation of three months of OpenBet operations.

Cash Flows by Activity

The table below summarizes cash inflows and outflows by activity:

CAD$ (in 000s)	Nine Months Ended	
	September 30, 2016	September 30, 2015
Cash Inflows and (Outflows) by Activity:		
Operating activities	4,446	(12,477)
Investing activities	(516,581)	(130,780)
Financing activities	520,015	120,825
Net cash inflows (outflows)	7,880	(22,432)

Cash Used in Operating Activities

The cash provided by (used in) operating activities was $4.4 million for the nine months ended September 30, 2016 and $(12.5) million for the nine months ended September 30, 2015. The increase in operating cash flows was the result of the benefit from the operations of OpenBet for the last three and a half months. Cash flows were positively impacted by a decrease in prepaids of $1.6 million, non-cash interest expense of $3.7 million, and a decrease in trade payables, provisions, and other liabilities of $1.1 million. These were offset by an increase in other assets of $2.4 million.

Cash Used in Investing Activities

The cash used in investing activities for the nine months ended September 30, 2016 was $516.6 million compared to $130.8 million for the nine months ended September 30, 2015. Approximately $507.8 million of the cash used in investing activities were related to the acquisition of OpenBet and Betdigital, two acquisitions completed during the period.

Cash Provided by Financing Activities

The cash provided by financing activities for the nine months ended September 30, 2016 was $520.0 million compared to $120.8 million for the nine months ended September 30, 2015. The increase was related to the issuance of new debt, preferred shares and equity to fund the Company's acquisition of OpenBet.

Liquidity and Capital Resource Requirements

We manage liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity of financial assets and liabilities. Our policy is to ensure adequate funding is available from operations and other sources as required.

Management's objective in managing capital is to ensure a sufficient liquidity position to market our products and finance our sales and marketing activities, research and development activities, general and administrative expenses, working capital, and overall capital expenditures, including those associated with property and equipment. The ability to fund these requirements in the future depends on our ability to access additional capital and generate additional cash flow from our operations. Since inception, we have financed our liquidity needs, primarily through issuance of capital stock, preferred equity, and borrowings.

The Company defines capital as its total stockholders' equity and net borrowings. To date, the Company's policy is to maintain a mix of equity and borrowings to maximize the Company's capital structure within the required debt maintenance covenants. The Board of Directors regularly assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage and breaches of our debt maintenance covenants. This takes into account the Company's capital structure to make adjustments in the light of changes in economic conditions and the risk characteristics of the underlying activities of the business. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, return capital to stockholders, issue new shares, or sell assets to reduce debt.

The capital management objectives listed above have not changed during the fiscal year.

The Company believes that funds from operations, as well as existing and future financial resources, should be sufficient to meet the Company's requirements for the next fiscal year. On May 20, 2016, NYX closed its previously announced share purchase agreement to acquire OpenBet, and on April 4, 2016, reached an agreement to sell its European Poker Business. In conjunction with the closed acquisition, NYX raised a total of $526.1 million in equity, debt, and preferred stock in order to fund the purchase of OpenBet and provide the necessary funding for NYX to meet its existing and future obligations. Total equity employed at September 30, 2016 was $265.0 million.

Material factors that could result in the Company being unable to fund its working capital needs and planned capital investment program include, but are not limited to (a) the Company's ability to continue to develop gaming content desirable to gaming consumers, (b) changes in consumer spending patterns related to gaming, (c) changes in gaming regulation, tax rates, or gaming law in the jurisdictions the Company operates, (d) any material disruption to our technology, (e) loss of talent to competing technology companies, (f) losses in the NYX business or an inability to distribute cash from subsidiaries to the parent company to satisfy NYX's cash requirements, (g) a decline in the British pound resulting in increased foreign exchange exposure to the Company; and/or (h) a material change in the Company's working capital requirements or anticipated capital expenditures or in the Company's strategies or activities that result in increased investments or the use of cash.

In any such event, the Company could be required to obtain additional capital from other sources in order to continue as a going concern and to satisfy its working capital and planned capital investment program. Alternative sources of capital may not be available or, if available, could result in increased dilution to shareholders or increased obligations, fees and expenses to the Company and may not be on terms that are favorable to the Company.

Financial Risk Management

Risks Arising from Financial Instruments and Risk Management

We are exposed to a variety of financial risks including credit risk, liquidity risk, and market risk (including foreign exchange and interest rate). Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Foreign Exchange Risk

The Company is exposed to fluctuations of the Canadian dollar (our reporting currency) against the functional currencies of our foreign subsidiaries (including the the currencies of the United States, Australia, Sweden, United Kingdom and Europe) when we translate our foreign subsidiaries' financial statements into Canadian dollars for inclusion in our financial statements. Cumulative translation adjustments are recorded in accumulated other comprehensive income or loss as a separate component of equity. Any increase or decrease in the value of the Canadian dollar against those foreign currencies results in unrealized foreign currency translation losses or gains with respect to assets acquired in, liabilities assumed from, intercompany balances with, and results of operations from our foreign subsidiaries. Therefore, we may experience a negative impact on our comprehensive income or loss and stockholders' equity with respect to our holdings in those subsidiaries as a result of foreign currency translation. We generally do not hedge against the risk that we may incur non-cash gains or losses upon the translation of the financial statements of our foreign subsidiaries into Canadian dollars.

On May 20, 2016, the Company closed its acquisition of OpenBet, which generates the majority of its revenue in British pounds. The exchange rate at closing was C$1.91/£1. Subsequent to the United Kingdom's vote to exit the European Union, the value of the British pound relative to the Canadian dollar decreased. For the quarter ended September 30, the Company valued OpenBet's contribution using an exchange rate of C$1.71/£1. This change resulted in a negative impact to revenue of approximately C$1.1 million for the quarter.

Liquidity Risk

Liquidity risk is our ability to meet our financial obligations when they come due. We are exposed to liquidity risk with respect to our contractual obligations and financial liabilities. We manage liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity of financial assets and liabilities. Our policy is to ensure that adequate funding is available from operations and other sources as required.

Related Parties

None.

Outstanding Share Data

The authorized share capital of the Company consists of 106.9 million ordinary shares at September 30, 2016 and 50.3 million of ordinary shares at September 30, 2015. $1.3 million and $0.6 million have been recorded for share-based payments in the share-based payments reserve for the nine months ended September 30, 2016 and September 30, 2015, respectively.

Shares issued (in 000s)	September 30, 2016	September 30, 2015
Shares issued and fully paid:		
Beginning of the period	50,635	33,800
Exercise of employee options	513	802
Share issue	55,773	15,700
Shares issued and fully paid	**106,921**	**50,302**

Critical Accounting Policies and Judgments

Management's discussion and analysis of financial conditions and results of operations are made with reference to the consolidated financial statements for the year ended December 31, 2015. A summary of the Company's significant accounting policies are presented in Note 2 in the audited consolidated financial statements for the year ended December 31, 2015. The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can have a significant effect on the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Some of the accounting policies, as reported by IFRS, require Management to make subjective, complex judgments and estimates to matters that are inherently uncertain.

Estimates and judgments are significant when:

- The outcome is highly uncertain at the time the estimates are made; or
- Different estimates or judgments could reasonably have been used that would have had a material impact on the consolidated financial statements.

The consolidated financial statements include estimates based on currently available information and management's judgment as to the outcome of future conditions and circumstances. Management uses historical experience, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates.

Estimates and their underlying assumptions are reviewed on a regular basis and the effects of any changes are recognized immediately. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the financial statements and actual results could differ from the estimates and assumptions.

The following areas require management's most critical estimates and judgments.

<u>Estimates</u>

Revenue Recognition

The amount of revenue recognized for development services is based on the stage of completion of the development services provided. Management estimates the percentage of completion based on expected costs to complete certain projects and recognizes the corresponding revenue at the end of the reporting period.

Impairment of Goodwill

The recoverable amount of the cash generating unit ("CGU") to which goodwill is allocated is based on the higher of fair value less costs of disposal and value in use. The recoverable amount is calculated each period end at December 31. The fair value less cost of disposal is the amount for which the CGU could be exchanged between knowledgeable willing parties in an arm's length transaction. To assess value in use, management undertakes an assessment of relevant market data, using a discounted future cash flow model with an assumption around growth; estimated future cash flows for five years and are based on the Company's budget and strategic plans. The pre-tax discount rate is a key estimate in the discounted cash flow model and is based on a representative weighted average cost of capital. The pre-tax discount rate used to calculate the recoverable amount as of December 31, 2015, was 15.0%. As of September 30, 2016, there was no need for further impairment except for the amounts disclosed in Note 9 Goodwill of the Annual Report.

Impairment of Other Long-Lived Assets

The determination of other long-lived asset impairment requires significant estimates and assumptions to determine the recoverable amount of an asset and/or CGU, wherein the recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use method involves estimating the net present value of future cash flows derived from the use of the asset and/or CGU, discounted at an appropriate rate.

The key assumptions utilized in the determination of future cash flows represent management's best estimate of the range of economic conditions relating to the CGU, and are based on historical experience, economic trends and communications with other key stakeholders of the Group. These key assumptions include the revenue growth rate, profit margins as a percentage of revenues, and the inflation growth rate. Significant changes in the key assumptions utilized in the determination of future cash flows could result in an impairment charge or reversal of an impairment loss. As of September 30, 2016, $6.5 and $0.2 million of intangibles were impaired with respect to EGC and NextGen PTY, respectively.

Share-Based Compensation

The Company estimates the expense related to share-based compensation using the Black-Scholes valuation model for employees and the binomial option model for warrants. The model takes into account management's best estimate of the exercise price of the stock option/warrant, an estimate of the expected life of the option/warrant, the current price of the underlying stock, an estimate of the stock's volatility, an estimate of future dividends on the underlying stock, the risk-free rate of return expected for an instrument with a term equal to the expected life of the option/warrant, and the expected forfeiture rate of stock options/warrants granted.

Fair Value Measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves development estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In such case, management uses the best information available. Estimated fair values may vary from actual prices that would be achieved in an arm's length transaction at the reporting date.

Convertible Preferred Shares

The Company determined that the $40.0 million convertible preferred shares includes no contractual obligation to deliver cash or another financial asset and the instrument will or may be settled in the Company's own ordinary shares. Therefore, the Company determined that the fair value of the preferred shares be classified as equity at the time of issuance.

Estimated Useful Lives of Long-Lived Assets

Judgment is used to estimate each component of an asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost and renewal history. If the estimated useful lives were incorrect, this could result in an increase or decrease in the annual amortization expense and future impairment charges.

Embedded Derivatives in Convertible Note

The Company estimated the value of the derivative instrument embedded in convertible debt using the binomial option model. The model takes into account management's best estimate of the conversion price of the stock, an estimate of the expected time to conversion, the current price of the underlying stock, an estimate of the stock's volatility and the risk-free rate of return expected for an instrument with a term equal to the duration of the convertible debt.

Business Combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability. For business combinations achieved in stages management uses valuation techniques to remeasure its previously held interest in the acquiree at the acquisition date fair value and any gain or loss is recognized in the consolidated income statement.

Negative Cash Flows form Operations

The Corporation has performed a detailed analysis of its cash flows, including cash flows from operations, income (losses) from operations, working capital, cash flow projections, and anticipated cash inflows and outflows. The Company has determined that funds from operations, as well as existing and future financial resources, should be sufficient to meet the Corporation's requirements for the foreseeable future. The Corporation has sold its European poker business, which has had a negative impact on cash generated from operations. Furthermore OpenBet is expected to generate significant cash from operations per month and is expected to generate cash flows per year over the next three years.

The Corporation has historically had negative operating cash flows. During the fiscal year ended December 31, 2015, the Corporation had negative cash flow from operating activities in the amount of approximately $15.0 million. The Corporation's cash and cash equivalents as at September 30, 2016 was approximately $16.1 million. For the nine months ended September 30, 2016, cash flow from operating activities was $4.4 million, Although the Corporation anticipates it will have positive cash flow from operating activities in future periods, it is possible the Corporation may have negative cash flow in any future period as the Corporation continues to progress its business plans and its capacity of operations.

Off - Balance Sheet Arrangements

As of September 30, 2016, the Company had no off-balance sheet arrangements that have had, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the company.

Other Information

None