MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE & SIX MONTHS ENDED 30 JUNE 2017

NYX GAMING GROUP

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

The following Management Discussion and Analysis ("MD&A") provides information concerning financial condition, results of operations and cash flows for NYX Gaming Group Limited ("NYX", "we", "us", or "our"), on an unaudited interim condensed consolidated basis for the three and six months ended June 30, 2017. This document should be read in conjunction with the information contained in our audited consolidated financial statements and related notes for the year ended December 31, 2016 and the MD&A thereon, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements and additional information regarding our business is available at www.sedar.com and on our 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 our 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, in each case, their negative or other variations of these words or other comparable terminology, are intended to identify forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond NYX's ability to control or predict. 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 we may be unable to successfully integrate our OpenBet and Betdigital acquisitions (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 our final long form prospectus dated December 18, 2014, our final short form prospectus dated July 9, 2015 and July 14, 2016, 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, achievements, 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 as of August 20, 2017 and relates to the three and six months ended June 30, 2017.

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 condensed consolidated financial statements in Canadian dollars and in conformity with IFRS as adopted by the International Accounting Standards Board. 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 is a leading 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 and social gaming products and services. We have over 1,000 employees (including approximately 600 engineers and developers) and over 200 customers. We currently provide our technology to customers in the United Kingdom, Malta, Sweden, Canada, France, Denmark, Netherlands, Belgium, Alderney, Singapore, Gibraltar, Australia, New Zealand, Portugal, Spain, Italy, the United States, among other countries. Our registered offices are in Guernsey with principal offices in the United States, United Kingdom, Sweden, Australia, Malta, 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 game content, platform technology, and 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;
- Sportsbook: Built from the ground-up as a highly flexible and performance sportsbook platform, we are able to cope with the very specific demands of today's sportsbooks and sportsbook customers. The OpenBet sportsbook platform can offer any type of sport (or non-sport) event and any type of betting market across both fixed-odds and pari-mutuel betting styles;
- 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;
- Retail: Offering software for cash or account betting, self-service kiosks; screen displays or game terminals; and
- Social: Fully-hosted gaming platform including casino, bingo, lottery, and poker products.

The Board of Directors approved this MD&A on August 20, 2017.

Recent Highlights

Acquisition of OpenBet

On May 20, 2016, we closed the share purchase agreement with Vitruvian Partners LLP for the acquisition of OpenBet OB Topco Limited ("OpenBet"), pursuant to which we acquired 100% of the issued and outstanding shares of OpenBet, a market leading business-to-business sportsbook and digital gaming company. The total deal value of $515.2 (£270.0) million, which included repayment of OpenBet's $181.3 (£95.0) million existing third-party debt, was paid in cash and financed as described below:

- $227.5 (£125.0) million senior secured credit facilities from a leading alternative credit provider, consisting of a $218.4 (£120.0) million term loan facility and a $9.1 (£5.0) million revolving credit facility;
- $7.0 million in aggregate of new debentures under the existing debenture facility;
- $145.6 (£80.0) million and $36.4 (£20.0) million from William Hill Steeplechase Limited ("William Hill") and Cyan Blue Holdco 4 Limited through convertible preference shares;
- $10.5 million investment by a strategic investor in unsecured convertible debentures; and
- $150.0 million, or 54,550,000, of subscription receipts at a price of $2.75. The subscription receipts subsequently converted into special warrants and ultimately were deemed to be exercised for an aggregate of 54,550,000 ordinary shares of NYX and 13,637,500 ordinary share purchase warrants with a strike price of $3.50 on July 20, 2016.

The primary reason for the acquisition of OpenBet was to combine the technology of our company with the sportsbook platform, software and relationships of OpenBet, ultimately leading to a larger scale of operations and cost synergies.

Acquisition of Betdigital

On May 27, 2016, we acquired Betdigital, a UK based creator and supplier of content and systems for online, mobile, interactive TV and land-based gaming platforms, which provided us with a game development platform and studio that caters to the UK retail and online markets. The maximum aggregate consideration payable inclusive of the upfront payment and earnout payment is £24.5 million. The purchase price consisted of an upfront cash payment of £3.5 million, as well as an earnout to be paid over three years, which may be made in cash or NYX shares at our option. The primary reason for the acquisition of Betdigital was to combine our existing technology with the game content and relationships of Betdigital, ultimately leading to a larger game studio and content catalog providing for cost synergies.

Other Business Highlights

We were recently named Casino Platform Supplier and Best Platform Supplier at the 2017 EGR North America Awards and iGaming North America Awards, respectively. The awards acknowledge our position as the industry's market-leading gaming offer, through our Open Gaming System ("OGS") and Open Platform System ("OPS"), which allow licensees to leverage the best-of-breed multi-vendor casino content from around the world.

We recently launched 21 new slot games with PokerStars NJ, a Stars Group brand (f.k.a. Amaya) in New Jersey, USA. The venture extends the long-standing partnership between us and The Stars Group as we share the mutual goal of expanding in regulated territories and enhancing our international profiles as leaders in digital gaming.

State of Our Company

During the second quarter of 2017, we signed 18 new agreements for our OGS and OPS and successfully launched our OGS content across 13 new client sites including Soft Swiss, JAXX, Sekabet, Casino Gran Madrid, and Goldbet.

As of June 30, 2017, our development pipeline remains strong as we held commitments with 36 customers that have not yet launched. As of August 15, 2017, we signed 16 new deals and launched five new clients since June 30, 2017.

Selected Financial Information

Selected financial information for the three and six months ended June 30, 2017 and 2016, and as of June 30, 2017 and December 31, 2016 is set forth below:

	Three Months Ended June 30,		Six Months Ended June 30,	
CAD$ (in 000s, except per share amounts)	**2017**	**2016**	**2017**	**2016**
Total revenue	$ 61,014	$ 35,211	$ 119,937	$ 54,863
Gross profit	51,856	30,754	103,929	46,996
Gross profit %	85.0%	87.3%	86.7%	85.7%
Net loss	(21,065)	(36,543)	(18,542)	(45,680)
Basic net loss per share	(0.19)	(0.72)	(0.17)	(0.90)
Diluted net loss per share	(0.19)	(0.72)	(0.17)	(0.90)

CAD$ (in 000s)	**June 30, 2017**	**December 31, 2016**
Total assets	$ 743,440	$ 752,376
Total non-current liabilities	481,634	472,017

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 or 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. Within our Diversified Gaming Solutions segment, we further evaluate revenue performance by revenue stream. The increase in revenue and gross profit for the six months ended June 30, 2017, compared to the six months ended June 30, 2016, was attributable to the results of operations from OpenBet acquired in May 2016, and new customer launches and development projects. The OpenBet acquisition has brought significant growth to our online sportsbook product offerings and presence in the online gaming industry.

	Three Months Ended June 30,		Six Months Ended June 30,	
CAD$ (in 000s)	**2017**	**2016**	**2017**	**2016**
Royalty and license	$ 31,904	$ 20,841	$ 62,810	$ 38,210
Professional services	28,815	11,885	56,547	13,331
Social gaming	295	2,485	580	3,322
Total	**$ 61,014**	**$ 35,211**	**$ 119,937**	**$ 54,863**

General and administrative ("G&A") expenses includes marketing, administrative, and personnel expenses. The portion of the remuneration included in personnel costs that relate to the compensation of our software engineering group was 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, were 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 G&A expense for the six months ended June 30, 2017 over the prior year period was due primarily to our OpenBet acquisition which closed in May 2016. The main driver of increased personnel cost was the increase in employee headcount to over 1,000, including approximately 600 engineers, as of June 30, 2017, due to acquisitions completed in the prior year. Of the total employee headcount, the OpenBet acquisition contributed 620 employees as of June 30, 2017.

	Three Months Ended June 30,		Six Months Ended June 30,	
CAD$ (in 000s)	**2017**	**2016**	**2017**	**2016**
Marketing costs	$ 1,559	$ 1,096	$ 3,300	$ 1,856
Administrative costs	10,152	5,256	19,458	9,948
Personnel costs	24,895	16,908	50,648	25,688
Depreciation	701	398	1,266	653
Amortization	7,748	5,863	15,829	10,070
Impairment of intangibles	—	166	—	6,651
Acquisition and restructuring costs	1,958	13,419	2,642	16,119
Foreign exchange (gain) loss	(1,048)	(403)	293	(478)
Interest expense, net	10,985	7,062	22,107	9,428
Fair value adjustment to derivatives	13,595	(8,313)	3,745	(5,267)
Loss on exchange of debt	—	23,856	—	23,856
Other (income) expense, net	(541)	708	(404)	(5,365)
Capitalized development	3,712	1,923	7,185	3,953

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, our expenses are primarily denominated in Australian dollars, Swedish Krona, Euros, British pounds, and U.S. dollars. At this time, we do not have 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, except per share amounts)	2nd Quarter 2017	1st Quarter 2017	4th Quarter 2016	3rd Quarter 2016	2nd Quarter 2016	1st Quarter 2016	4th Quarter 2015	3rd Quarter 2015
Total revenue	$ 61,014	$ 58,923	$ 54,508	$ 54,364	$ 35,211	$ 19,652	$ 18,377	$ 13,297
Net income (loss)	$ (21,065)	$ 2,523	$ (61,120)	$ 41,350	$ (36,543)	$ (9,136)	$ (10,739)	$ (6,499)
Basic net income (loss) per share	$ (0.19)	$ 0.02	$ (0.57)	$ 0.45	$ (0.72)	$ (0.18)	$ (0.21)	$ (0.14)
Diluted net income (loss) per share	$ (0.19)	$ 0.02	$ (0.57)	$ 0.44	$ (0.72)	$ (0.18)	$ (0.21)	$ (0.14)

Seasonality

We may experience fluctuations in revenues and cash flows due to seasonal trends and other factors, however, we do not believe that our business is materially impacted by seasonality. However, our social gaming business does experience increases in revenue during the fourth quarter as this revenue stream is based on advertising rates which are generally stronger during the holiday season and weaker during the first quarter of the year. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not highly seasonal in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting.*

Comparison of the Three and Six Months Ended June 30, 2017 and 2016

Revenue

Revenue for the three months ended June 30, 2017 increased to $61.0 million, or 73.3%, compared to $35.2 million for the three months ended June 30, 2016. All revenue categories, with the exception of social gaming, grew primarily as a result of a full quarter contribution from our OpenBet acquisition (acquired May 20, 2016), which provided $32.9 million for the three months ended June 30, 2017, and new client site launches of our OGS content and OPS, including 18 new agreements signed during the current year quarter. Royalty and license revenue for the three months ended June 30, 2017 increased $11.1 million, or 53.1%, to $31.9 million from $20.8 million for the same period in the prior year. Professional services revenue for the three months ended June 30, 2017 increased $16.9 million to $28.8 million from $11.9 million for the same period in the prior year due primarily to the acquisition of OpenBet. Social gaming revenue for the three months ended June 30, 2017 decreased $2.2 million to $0.3 million from $2.5 million for the same period in the prior year due to the divestiture of the social poker business on June 16, 2017.

Revenue for the six months ended June 30, 2017 increased to $119.9 million, or 118.4%, compared to $54.9 million for the six months ended June 30, 2016. As was the case above, all revenue categories grew, with the exception of social gaming, primarily as a result of a full period contribution from our OpenBet acquisition, versus the prior year period. Royalty and license revenue for the six months ended increased $24.6 million, or 64.4%, to $62.8 million from $38.2 million for the same period in the prior year. Professional services revenue for the six months ended increased $43.2 million to $56.5 million from $13.3 million for the same period in the prior year. Social gaming revenue for the six months ended June 30, 2017 decreased $2.7 million to $0.6 million from $3.3 million for the same period in the prior year due to the divestiture of the social poker business on June 16, 2017.

Gross Profit

Gross profit increased by $21.1 million, or 68.5%, for the three months ended June 30, 2017 to $51.9 million, compared to $30.8 million for the three months ended June 30, 2016. Gross profit margin was 85.0% for the three months ended June 30, 2017, compared to 87.3% for the three months ended June 30, 2016. The increase in gross profit was a result of a revenue increase from the underlying core casino business and the revenue impact from acquisitions.

Gross profit increased by $56.9 million, or 121.1%, for the six months ended June 30, 2017 to $103.9 million, compared to $47.0 million for the six months ended June 30, 2016. Gross profit margin was 86.7% for the six months ended June 30, 2017, compared to 85.7% for the six months ended June 30, 2016. The increase in gross profit was a result of a revenue increase from the underlying core casino business and the revenue impact from acquisitions.

General and Administrative Expenses

G&A expense increased by $13.3 million to $36.6 million for the three months ended June 30, 2017, compared to $23.3 million for the three months ended June 30, 2016. The increase was due primarily to the higher operating and personnel expenses associated with our acquisition of OpenBet.

For the six months ended June 30, 2017, G&A expense increased by $35.9 million to $73.4 million, compared to $37.5 million for the six months ended June 30, 2016. The increase was due primarily to the higher operating and personnel expenses associated with our acquisitions of OpenBet and Betdigital. In addition, increases in personnel and administration costs associated with support functions for legal, finance, and human resources contributed to the increase in expenses.

Depreciation, Amortization, and Impairment of Intangibles

Depreciation expense was $0.7 million for the three months ended June 30, 2017, compared to $0.4 million for the three months ended June 30, 2016. Depreciation expense was $1.3 million for the six months ended June 30, 2017, compared to $0.7 million for the six months ended June 30, 2016. The increases for both comparative periods were due primarily to the additional depreciation of property and equipment acquired in the OpenBet acquisition.

Amortization expense was $7.7 million for the three months ended June 30, 2017, compared to $5.9 million for the three months ended June 30, 2016. Amortization expense was $15.8 million for the six months ended June 30, 2017, compared to $10.1 million for the six months ended June 30, 2016. The increases for both comparative periods were due primarily to amortization of intangible assets recognized from the OpenBet and Betdigital acquisitions.

During the six months ended June 30, 2016, management determined that it was remote that the contingent consideration related to the eGaming Consulting ("EGC") acquisition was going to be earned. As a result, we reversed the associated liability and recorded a gain of $6.1 million during the six months ended June 30, 2016, which was included in other income in the interim condensed consolidated income statement. We also recorded an impairment of the acquired intangibles associated with that acquisition of $0.2 million during the three months ended June 30, 2016.

Interest Expense, Fair Value Adjustment to Derivatives and Foreign Exchange

Interest expense, net was $11.0 million for the three months ended June 30, 2017, compared to $7.1 million for the three months ended June 30, 2016. Interest expense, net was $22.1 million for the six months ended June 30, 2017, compared to $9.4 million for the six months ended June 30, 2016. The increase for both comparative periods were due to additional principal outstanding related to the financing associated with the acquisition of OpenBet during the second quarter of 2016. The current periods were comprised of interest expense, net of interest income, plus amortization of debt issuance costs.

During the three months ended June 30, 2017, we recorded a loss on the fair value adjustment to derivatives of $13.6 million, compared to a gain of $8.3 million for the three months ended June 30, 2016. During the six months ended June 30, 2017, we recorded a loss on the fair value adjustment to derivatives of $3.7 million, compared to a gain of $5.3 million for the six months ended June 30, 2016. The losses for both comparative periods were due primarily to the change in fair value of the embedded derivatives related to our debt instruments and equity conversion feature in the preferred shares. Derivative financial instruments are recorded at fair value using the Black-Scholes options pricing model, Monte Carlo Simulation model, or a binomial option pricing model as appropriate. The main factors driving the change were volatility in our stock price and strike prices greater than the current stock price. As of June 30, 2017, the derivative liabilities and asset were valued at $29.8 million and $4.5 million, respectively. While there is no cash impact to these changes, the volatile nature of our stock could cause large changes in value from period to period.

Foreign exchange gain for the three months ended June 30, 2017 was $1.0 million, compared to a foreign exchange gain of $0.4 million for the three months ended June 30, 2016. Foreign exchange loss for the six months ended June 30, 2017 was $0.3 million, compared to a foreign exchange gain of $0.5 million for the six months ended June 30, 2016.

Net Income Tax Benefit (Expense)

Net income tax expense was $2.9 million for the three months ended June 30, 2017, compared to a net income tax expense of $1.3 million for the three months ended June 30, 2016. Net income tax expense was $3.6 million for the six months ended June 30, 2017, compared to a net income benefit of $0.5 million for the six months ended June 30, 2016.

Net Loss and Net Loss Per Share

Basic and diluted net loss per share were $0.19 for the three months ended June 30, 2017, compared to basic and diluted net loss per share of $0.72 for the three months ended June 30, 2016. Basic and diluted net loss per share were $0.17 for the six months ended June 30, 2017, compared to basic and diluted net loss per share of $0.90 for the six months ended June 30, 2016.

Our net loss for the three months ended June 30, 2017 was $21.1 million, compared to a net loss of $36.5 million for the three months ended June 30, 2016. The current quarter net loss was primarily the result of a $13.6 million loss on fair value adjustment to the derivatives, $11.0 million of interest expense, and $7.7 million amortization expense for the three months ended June 30, 2017. The prior year quarter's loss was driven by a $23.9 million loss on exchange of debt and $13.4 million of acquisition and restructuring charges related to the integration of OpenBet and initiatives for the combined company going forward, partly offset by an $8.3 million gain on fair value adjustment to the derivatives. Our net loss for the six months ended June 30, 2017 was $18.5 million, compared to a net loss of $45.7 million for the six months ended June 30, 2016. The net loss for the current period was primarily the result of additional interest and amortization expense stemming from the prior year acquisition of OpenBet, plus a $3.7 million loss on fair value adjustment to the derivatives for the six months ended June 30, 2017. The net loss for the prior year period was primarily the result of a $23.9 million loss on exchange of debt, $16.1 million of acquisition and restructuring charges, and $6.7 million impairment of intangibles, partly offset by a $5.3 million gain on fair value adjustment to the derivatives and a $6.1 million gain on revaluing contingent consideration.

Adjusted EBITDA

To supplement our condensed consolidated financial statements presented in accordance with IFRS, we use Adjusted EBITDA, a measure we believe is appropriate to provide meaningful comparison with, and to enhance an overall understanding of, our past financial performance and prospects for the future. We believe Adjusted EBITDA provides useful information to both management and investors by excluding specific expenses and gains that we believe are not indicative of our core operating results. Further, Adjusted EBITDA is a measure of operating performance used by management, as well as industry analysts, to evaluate operations and operating performance and is widely used in the technology and gaming industry. The presentation of this additional information is not meant to be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS. In addition, other companies in our industry may calculate Adjusted EBITDA differently than we do, and therefore comparability may be limited. A reconciliation of net loss to Adjusted EBITDA is provided in the table below.

We define "Adjusted EBITDA" as net earnings (loss) before interest and other non-operating income (expense), income taxes, depreciation and amortization, impairment charges, share-based payments, gains and losses on the revaluing of contingent consideration and derivatives, foreign currency gains and losses, acquisition and restructuring costs, and other gains and losses.

CAD$ (in 000s)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net loss	**$ (21,065)**	**$ (36,543)**	**$ (18,542)**	**$ (45,680)**
Net tax expense (benefit)	2,917	1,281	3,587	(483)
Loss before tax	**(18,148)**	**(35,262)**	**(14,955)**	**(46,163)**
Depreciation and amortization	8,449	6,261	17,095	10,723
Interest expense, net	10,985	7,062	22,107	9,428
EBITDA	**1,286**	**(21,939)**	**24,247**	**(26,012)**
Impairment of intangibles	—	166	—	6,651
Acquisition and restructuring costs	1,958	13,419	2,642	16,119
Foreign exchange loss (gain)	(1,106)	(403)	235	(478)
Fair value adjustment to derivatives	13,595	(8,313)	3,745	(5,267)
Loss on exchange of debt	—	23,856	—	23,856
Revaluing contingent consideration	—	—	—	(6,077)
Share-based payments	1,031	345	1,854	472
Other expense	771	3,386	1,615	6,051
Adjusted EBITDA	**$ 17,535**	**$ 10,517**	**$ 34,338**	**$ 15,315**

Adjusted EBITDA was $17.5 million and $34.3 million for the three and six months ended June 30, 2017, respectively, compared to $10.5 million and $15.3 million for the same periods ending June 30, 2016. As the acquisition of OpenBet was completed on May 20, 2016, the current year periods were positively impacted by full contribution from OpenBet operations. Other expense for the three and six months ended June 30, 2017 consists of one time costs primarily consisting of legal expenses and the business divestiture of social gaming.

Due to the material modifications of our $70.0 million of senior secured notes during the three months ended June 30, 2016, the transaction was treated as an extinguishment of debt for accounting purposes. The associated unamortized fees and the 9.0% of the principal value totaling $15.4 million was treated as a loss on exchange of debt during the three months ended June 30, 2016. During the fourth quarter of 2016, we identified an additional loss of $8.5 million on the extinguishment of debt that occurred during the transaction. For the three and six months ended June 30, 2016, we adjusted the loss on exchange of debt and interest expense on the interim condensed consolidated statements of income to reflect this additional loss. The loss on exchange for the three and six months ended June 30, 2016 now reflects a total of $23.9 million.

Liquidity and Capital Resource Requirements

The table below outlines selected balance sheet items:

CAD$ (in 000s)		**June 30, 2017**		**December 31, 2016**
Key balance sheet items:				
Current assets	$	98,927	$	97,376
Current liabilities		80,925		89,210
Non-current assets		644,512		655,000
Financial liabilities:				
Trade payables and other accrued liabilities	$	44,422	$	37,015
Current borrowings		18,294		30,532
Non-current borrowings		312,237		297,408

The table below summarizes cash inflows and outflows by activity:

		Six Months Ended June 30,		
CAD$ (in 000s)		**2017**		**2016**
Net cash inflows (outflows) by activity:				
Operating activities	$	19,983	$	235
Investing activities		(9,145)		(511,722)
Financing activities		(18,352)		519,601
Net cash inflows (outflows)	**$**	**(7,514)**	**$**	**8,114**

Operating Activities

Our operating cash flows primarily consist of our operating income generated from the underlying operations (excluding depreciation and amortization and other non-cash charges), finance expense, net, and changes in working capital accounts such as trade and other receivables, prepaid expenses and trade payables. The cash provided by operating activities was $20.0 million for the six months ended June 30, 2017, compared to cash used in operating activities of $0.2 million for the six months ended June 30, 2016. The increase in operating cash flows was the result of the benefit from the operations of OpenBet. Cash flows were positively impacted by the decrease in our net loss generated from the underlying operations and increase in trade payables, provisions, and other current liabilities of $13.7 million.

Investing Activities

The cash used in investing activities for the six months ended June 30, 2017 was $9.1 million, compared to $0.5 million for the six months ended June 30, 2016, primarily consisting of capital expenditures, consisting of investments in computer equipment, and capitalized development cost. Approximately $1.8 million and $7.2 million of the cash used in investing activities were related to the purchase of property and equipment and capitalized development costs, respectively, during the six months ended June 30, 2017.

Financing Activities

The cash used in financing activities for the six months ended June 30, 2017 was $18.4 million. During the six months ended June 30, 2017, we paid $1.9 million in contingent consideration related to a previous acquisition and $13.5 million in interest on our borrowings.

Liquidity and Capital Resource Requirements

We manage liquidity risk by continuously monitoring forecasted 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, G&A 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.

Management defines capital as its total stockholders' equity and net borrowings. To date, our policy is to maintain a mix of equity and borrowings to maximize our capital structure within the required debt maintenance covenants. The Board of Directors regularly assesses our 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 our 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, we 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.

On July 21, 2017, we closed on our agreement with a leading alternative credit provider to refinance our existing debt and redeemed our outstanding 10.0% Senior Secured Series A, B and C Debentures. The Series A Debenture was traded on the TSX Venture Exchange and was delisted immediately following the close of the transaction. Additionally, we repaid our $10.0 million 6.0% unsecured debenture and all outstanding amounts of our revolving credit facility. As part of the transaction, we increased the revolving credit facility from £5.0 million to £15.0 million. The resulting denomination of our debt will now more closely match our geographical revenue concentration.

We have several significant projects which have not generated revenue, or that have generated revenue but are expected to generate additional revenue in the future, related to development services. Due to the nature of the software industry and the timing and extent of development of gaming content and platforms, at any given time, we have a pipeline of projects and contracts that are expected to lead to future revenue to be recognized in accordance with IFRS standards. In many cases this leads to deferred revenue and capitalized development costs. Refer to our summary of significant accounting policies and estimates section for additional information.

Management believes that funds from operations, as well as existing and future financial resources, should be sufficient to meet our requirements for the next fiscal year. We performed a detailed analysis of our cash flows, including our negative cash flows from operations, losses from operations and historical working capital deficiency, as well as our cash flow projections and anticipated cash inflows and outflows, and have determined that funds from operations, as well as existing and future financial resources, should be sufficient to meet our requirements for the foreseeable future. On May 20, 2016, we closed our previously announced share purchase agreement to acquire OpenBet, and in April 2016, we announced our intent to sell EGC, and subsequently closed the operations of Ongame, collectively our entire European poker business, which had a negative impact on cash generated from operations. In conjunction with the acquisition, we 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 us to meet our existing and future obligations. Total equity employed at June 30, 2017 was $180.9 million. Furthermore, our most recently acquired companies have generated cash from operations per month and a commercial arrangement with a key customer is expected to generate additional cash flows per year over the next three or more years. Combined, this additional cash flow, together with the improvements in trading, are expected to generate sufficient financial resources for the foreseeable future to meet all of our current and future obligations. Accordingly, notwithstanding our historically negative cash flows, losses and working capital deficiencies, we have concluded that there is no uncertainty over our ability to continue as a going concern as of June 30, 2017.

Material factors that could result in us being unable to fund our working capital needs and planned capital investment program include, but are not limited to (a) our 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 in which we operate; (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 cash requirements; (g) a decline in the currencies that we operate resulting in increased foreign exchange exposure to us; and/or (h) a material change in our working capital requirements or anticipated capital expenditures or in our strategies or activities that result in increased investments or the use of cash.

In any such event, we could be required to obtain additional capital from other sources in order to continue as a going concern and to satisfy our 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 us and may not be on terms that are favorable to us.

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 changes to foreign currency exchange rates and interest rates). 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

We are exposed to fluctuations of the Canadian dollar (our reporting currency) against the functional currencies of our foreign subsidiaries (including 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, we closed our acquisition of OpenBet, which generates the majority of its revenue in British pounds. The exchange rate at closing was CAD$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 three months ended June 30, 2017, we valued OpenBet's contribution using an average exchange rate of CAD$1.72/£1. This change resulted in a negative impact to revenue of approximately $3.6 million for the current quarter.

Risks associated with foreign exchange are partially mitigated by the following strategies:

- Diversification of revenues and expenses internationally (with a significant amount of expenses denominated in British pounds sterling) which reduces the impact of any country-specific economic risks;
- Executing on various business strategies so as to offset the impact of exchange rates; and
- Regularly review economist estimates of future exchange rates and use conservative estimates when managing business risk.

On June 26, 2017, we entered into a foreign currency forward in order to hedge our exposure in relation to the debt refinancing discussed above. We reached a favorable settlement on July 21, 2017 in the amount of $1.0 million.

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. Additionally, from time to time there may be a risk of significant projects which have not generated revenue due to delays in installation of our products, changes to plans, ongoing negotiations, or other unforeseen issues. As of June 30, 2017, other than those discussed within this MD&A, we do not have any significant projects that have not generated revenue.

Related Party Transactions

Transactions with Key Management Personnel

Our key management includes our Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer, as well as our Board of Directors. Key management personnel remuneration included the following expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
CAD$ (in 000s)	**2017**	**2016**	**2017**	**2016**
Officers and Board Compensation				
Management compensation and benefits	$ 526	$ 286	$ 922	$ 593
Share-based payments	197	68	390	104
Board compensation	60	44	120	90
Total	**$ 783**	**$ 398**	**$ 1,432**	**$ 787**

Outstanding Share Data

Our authorized share capital consisted of 108.2 million ordinary shares as of June 30, 2017 and December 31, 2016. We recorded $1.9 million and $0.5 million of share-based payments in the share-based payments reserve for the six months ended June 30, 2017 and 2016, respectively. No shares were issued during each of the six months ended June 30, 2017 and 2016.

Off-Balance Sheet Arrangements

As of June 30, 2017, we did not have any 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 our company.

Summary of Significant Accounting Policies and Estimates

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, 2016. A summary of our significant accounting policies are presented in Note 2, *Summary of Significant Accounting Policies*, in the audited consolidated financial statements for the year ended December 31, 2016. 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. There have been no changes to our significant accounting policies or critical accounting estimates or judgments during the six months ended June 30, 2017.

Accounting Standards Adopted During the Period

IAS 7, Statement of Cash Flows

Beginning on January 1, 2017, we adopted the amendments of IAS 7, *Statement of Cash Flows*, which require us to provide additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative financial statements, but will disclose additional information in annual periods beginning on or after January 1, 2017. The adoption of the amendments to IAS 7 did not have a material impact on the interim condensed consolidated financial statements and we will disclose additional information as necessary in the annual consolidated financial statements for the year ended December 31, 2017.

IAS 12, Recognition of Deferred Tax Assets for Unrealized Losses

Beginning on January 1, 2017, we adopted the amendments of IAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*, which provide clarification on the requirements relating to the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

We applied the amendments retrospectively with no material impact on the interim condensed consolidated financial statements.

New Accounting Pronouncements - Not Yet Effective

IFRS 16, Leases

IFRS 16, *Leases*, replaces IFRS 17 and introduces a “right-of-use model” and entails, for the lessee, that largely all leases shall be reported on the balance sheet. IFRS 16 introduces a single lessee accounting model requiring lessees to recognize assets and liabilities for all leases with a term in excess of twelve months, excluding immaterial leases. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is applicable to financial years starting on or after January 1, 2019 with early application permitted, provided that IFRS 15, *Revenues from Contracts with Customers*, is applied simultaneously. We are currently evaluating the impact of this standard and while management does not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognized in our consolidated financial statements, management does not anticipate applying IFRS 16 prior to its effective date.

IFRS 9, Financial Instruments

The International Accounting Standards Board issued IFRS 9, *Financial Instruments,* relating to the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39, *Financial Instruments: Recognition and Measurement.* The approach in IFRS 9 is based on how an entity manages its financial instruments (i.e., its business model) and the contractual cash flow characteristics of such financial assets. IFRS 9 also amends the impairment model by introducing a new expected credit losses model for calculating impairment on its financial assets and commitments to extend credit. The standard also introduces additional changes relating to financial liabilities. IFRS 9 also includes a new hedge accounting standard which aligns hedge accounting more closely with risk management. Extended disclosures about risk management activity for those applying hedge accounting will also be required under the new standard.

An entity shall apply IFRS 9 retrospectively, with some exemptions, for annual periods beginning on or after January 1, 2018, with early adoption permitted. We are currently evaluating the impact of this standard and do not anticipate applying IFRS 9 prior to its effective date.

IFRS 15, Revenues from Contracts with Customers

IFRS 15, *Revenues from Contracts with Customers,* affects any entity using IFRS that enters into contracts with customers, unless those contracts are within the scope of other standards such as insurance contracts, financial instruments or lease contracts. This IFRS will supersede the revenue recognition requirements in IAS 18, *Revenue*, and most industry-specific guidance.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognition. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The transition rules for IFRS permit either a full retrospective or a modified retrospective approach to initial application. The modified approach will allow the standard to be applied to existing contracts beginning with the current period. No restatement of the comparative periods will be required under this approach, as long as comparative disclosures about the current period’s revenues under existing IFRS are included. Management continues to assess the impact of the new standard and will likely elect the full retrospective approach, but does not anticipate applying IFRS 15 prior to its effective date.