



Management's Discussion and Analysis – Three and Nine Months Ended September 30, 2017

prohibited from entering, or continuing to operate in a given jurisdiction, which would reduce the geographic area where Bluberi would be permitted to operate and generate revenue.

Brazil, the fifth largest country in the world as measured by population, currently prohibits most types of gambling. A bill is currently under review with the Brazilian congress to allow some form of gambling regulation to boost the country's tax revenue. If the ban on gambling is lifted it would present a significant opportunity to Bluberi. Bluberi is also hopeful that it will be able to firm up an order for up to 7,000 machines from a related company. There is no certainty whether Bluberi will be successful in accessing the Brazilian market or in obtaining the order for those machines.

Industry consolidation has occurred as participants attempt to gain market share through acquisition. Some of Bluberi's competitors are therefore substantially larger and more diversified and may be able to offer a more attractive product mix with greater volume discounts than Bluberi can offer.

Q3-2017 vs. Q3-2016

Bluberi's revenues for the current quarter were \$4.7 million and cost of sales were \$0.2 million. Comparatives for the same quarter last year are not applicable as the acquisition occurred in the current year.

YTD Q3-2017 vs. YTD Q3-2016

Bluberi's revenues for the current year-to-date period were \$12.8 million and cost of sales were \$3.6 million. Comparatives for the same year-to-date period last year are not applicable as the acquisition occurred in the current year.