

Bragg Gaming Group

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Bragg Gaming CEO wagers on M&A as well as future of US gambling

Bragg Gaming is a relatively new entrant to the booming gaming sector, having recently debuted on the TSX Venture Exchange in December of 2018.

It still conducts most of its business in Europe and has three core businesses: Oryx, an online gaming technology group; GiveMeSport, a sports-focused media company; and GiveMeBet, a new online sports betting and casino site that aims to draw viewers from GiveMeSport.

In a recent interview, Proactive Investors sat down with Bragg Gaming CEO Dominic Mansour to discuss the gambling company's latest advances as well as the course it is now looking to chart.

Could you pull the curtain back and tell us a bit about Bragg's origin story?

Bragg comes out of a business called Breaking Data. But the story goes back further when I met the founders of a site called GiveMeSport about 18 months ago. It's one of the biggest sports media sites in the world. It's also the biggest sports media site on Facebook, with 26 million Facebook fans which makes it bigger than ESPN and Fox Sports. We were talking and they were throwing out these numbers about visitors to their site like 26 million Facebook fans and 30 million monthly uniques and there was one number being thrown around which kind of pricked my attention more than anything else. And that was that of all of these people, about 1.1 million are regularly visiting betting sites on a monthly basis and going to GiveMeSport. So I thought OK that's quite interesting given what I know about the gambling and gaming sector and the challenge of acquiring customers and the cost of acquiring customers. That's when I thought, this could be something of interest.

Do you have a model in mind for GiveMeSport?

Here in the UK we have a business called Sky Sports owned by Sky - a Rupert Murdoch business. It's the same thing as ESPN. They have a subscription-based TV channel and a lot of good sports content. They had a captive audience with 8 million monthly subscribers, so they decided to launch Sky Bet. They built that business up over the last 15 years and sold it in the summer of last year to The Stars Group, the owner of PokerStars for just under US \$5 billion. Our numbers are actually bigger than theirs. And great, I'd love to build a business for \$5 billion, but let's be realistic here. What we have that they had is a captive audience as well as some fantastic expertise in the management team. Connect those two dots together and you have the opportunity to build a really fantastic business.

Before I met the GiveMeSport guys, I was raising money to buy a business-to-business gaming technology business called Oryx. As we were ready to close the transaction for Oryx, the opportunity arose to acquire this GiveMeSport

Price: C\$0.41

Market Cap: C\$31.92M

1 Year Share Price Graph



December 2018 April 2019 July 2019

Share Information

Code: BRAG

Listing: TSX-V

52 week High Low
C\$1.39 C\$0.31

Sector: Tech

Website: www.bragg.games

Company Synopsis:

Bragg was established in 2018 through two initial acquisitions. We specialize in identifying online gaming opportunities with a focus on both B2B and B2C gaming companies.

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business and then I thought the thing to do here is to bolt all of this stuff together. So, we took over the GiveMeSport business. We had the Oryx casino technology as well and great people on our management team. Put that all together and we had all the ingredients to run a listed gaming business, launch our own betting site, so that's what we did. We launched GiveMeBet. Our business is casino tech, media and our own business-to-consumer sports betting and casino site.

Can you provide a little detail about how Oryx, Bragg's online casino technology business, works?

The cornerstone of the Oryx business is something called the casino aggregator platform. Casino games are like fast-moving consumer goods. They're cool one month and they're not cool the next month and hence change super quickly. In the digital world, we're able to move faster.

So, put yourselves in the shoes of Mr Green, an Oryx client and one of the largest online casino operators in Europe. They'll have a guy that runs the casino and a marketing team. And then there are all their tech guys. They'll discuss the big hot game that everyone's got. Whether it's a branded version of Spiderman or The Incredible Hulk or Monopoly. If you don't have that game, you're going to lose market share to your competitors, they think. So, the casino manager says I need that game ASAP and the marketing manager goes absolutely. They go to their IT department and say, hey listen, there's this game and I need you to connect our technology to theirs so we can promote that game on our site. The IT department has to make that integration. Then it all changes. That game becomes less popular and there's a new one. Now you want me to do Deal or no Deal and so on. And when you've got hundreds and hundreds of these games, the IT department in a casino gets stretched whilst they add and manage potentially hundreds of different integrations.

What the folks at Oryx did is they said, we'll handle the IT side for you. We will integrate every single game studio, every cool game that's in the market. We will do that integration for you and all you have to do is one simple integration into Oryx. So, the casino's IT department goes praise the Lord, one integration and my job's done, Thanks very much. I'm all over that. The marketing team and the casino team then get access to 8,000 games at the click of a finger and if there's a cool one that hits the market, Oryx just adds it in.

On top of its casino platform, Oryx also has a full-service offering, meaning they have a player account management system. They'll design and build a casino site or sports betting site. They'll even manage the customer support and the payment systems, leaving the operator to focus on marketing only.

What's next?

Part of what we want to do is grow through M&A. We only took over the Breaking Data business in December of last year, so we're still working a lot of practical things out. But what we want to do is buy businesses that fit into our overall portfolio so that we can leverage them off one another really neatly. Game studios would be a prime target for us. Another business-to-consumer sports betting site or a casino site would also be a good target. We have big ambitions and we're aggressive. My team and I have operated at the highest level in the past and we have no intention of cruising along at a snail's pace here.

How much attention has to be paid to regulation in the gambling business?

You cannot even consider success in our sector unless you have an intimate and deep knowledge of the regulatory framework around the world. It moves really really fast. It's accelerating at the moment. We like regulation because with regulation comes stability. It does mean that we have to write a check to the taxman in whatever jurisdiction. But it gives you structure, and investors like structure. It reduces the risk profile of these businesses. Those are all positive things for us..

While 80% of revenues still come from Europe, does Bragg have ambitions elsewhere?

The US recently regulated sports betting both in casinos and online. So, obviously, that's a great opportunity for us and an area that we are exploring aggressively and it's definitely one of our core focuses for future expansion.

The thing that's going to happen to our sector is the US. That's the single biggest thing. It's the number one economy in the world with a demographic that has the highest propensity to gamble in the world.

The responses in this Q&A were lightly edited.

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