

# Newgioco Group, Inc.

09:20 15 Oct 2020

## Newgioco Group poised with platform, technology and experience to break into US markets

- Aiming to become premier betting platform provider for licensed operators across global markets
- Experience in highly regulated Italian market
- Pushing into the US sports betting market

### What Newgioco does:

Newgioco Group Inc (NASDAQ:NWGI) is a growing betting technology company, which offers operators an innovative platform that can be used for sports wagering, virtual games, lottery and casino games.

The Toronto-based group's ELYS betting platform provides both B2B (business to business) and B2C (business to consumer) bet processing. It can manage tens of thousands of pre-match events and more than 200 live events.

Newgioco's unique technology begins with offering a shop-client architecture so that casino and gaming operator businesses can offer their own product line-up and be their own bookmaker without having to farm it out to a franchise bookmaker. The company also assists retail operators in understanding end-user needs and relates this data back to gaming product and technology.

The company currently makes 100% of its revenues from Italy but is looking to break into the US market following recent deregulation. In May 2019, the US Supreme Court decided to overturn a federal law, which banned gambling on football, basketball, baseball and other sports in most states, giving states the go-ahead to legalize betting on sports.

Newgioco has been in the Italian market since the early 1990s, mainly in the south and mid-region but it expects to expand into the northern cities and follow the top Tier football league (the Serie A), which features clubs like Juventus and Milan.

The online market in Italy is highly regulated and having successfully navigated that territory, Newgioco believes that should make it easier for the company to break into the US.

In June, 2020, Newgioco formed a new wholly-owned subsidiary, Elys Gameboard Technologies LLC, which will be the vehicle to expand its sports betting operations into the US, and it is already under contract in several states.

The company is in the process of seeking its first sports betting license in Washington, DC and anticipates launching its new US sports betting platform with its first US operator client, Handle 19 Inc, in the Capitol Hill area by the third quarter of 2020.

### How is it doing:

It has been a busy summer for Newgioco as it moves to expand its operations into the United States.

**Price:** 1.72

**Market Cap:** \$28.39 m

#### 1 Year Share Price Graph



#### Share Information

**Code:** NWGI

**Listing:** NASDAQ

**52 week High Low**  
4.41 0.8928

**Sector:** Leisure, gaming and gambling

**Website:** [www.newgiocogroup.com](http://www.newgiocogroup.com)

#### Company Synopsis:

*The Newgioco brand was founded in Rome, Italy in the year 2000 as a sports betting agency. Over the years, the company built a successful and flourishing business in the online gaming industry and has become a prominent retail dealer network provider as a result of its strong reputation, expertise, precision and reliability.*

action@proactiveinvestors.com

On September 9, the group revealed it has garnered the necessary certification from Gaming Labs International (GLI) to launch its Elys sportsbook platform in Washington DC.

The company received what is called GLI-33 "Events Wagering System" approval, which certifies the Elys betting system and the retail functionality of Newgioco's point-of-sale (POS) terminal.

This is the first phase of Newgioco's multi-tiered plan to unveil its new Elys betting platform for operations throughout the US. The second phase, which involves testing its Self-Service Betting Terminals (SSBT), is currently underway, the company said.

Gaming Laboratories International is the largest independent testing laboratory for land-based, lottery and iGaming technology in the world, the company noted.

Earlier in the month, the company announced that Odissea Betriebsinformatik Beratung GmbH, its wholly-owned software development subsidiary, had completed the previously announced Stage 2 compliance and testing procedures and has obtained ISO-27001:2013 certification for safety management.

The global sports betting and interactive gaming technology company noted that the process involved a detailed and formal compliance audit and independent testing of the Information Security Management System (ISMS) that now certifies Odissea to manage the security of sensitive third party information such as financial assets, legal and personal details.

Back on home turf, at the end of August, Newgioco revealed that it achieved a top-five market share in the Italian online poker market, according to industry publication Agenzia Giornalistica sul Mercato del Gioco (AGIMEG).

The AGIMEG report, which relies on data from Italian regulators, showed Newgioco as having a 5.56% market share, the fifth-highest of nearly 30 operators in the country.

The good news came after a tough period in the country due to the coronavirus pandemic which saw all land-based betting shops throughout Italy closed from March 9 as the Italian government imposed restrictions on physical business establishments due to the outbreak.

Newgioco reopened its betting shops on June 19, noting that it was taking a number of anti-contagion measures in terms of maintaining minimum distance, sanitization, and health-related obligations at all locations where its sports betting products are offered.

Also in June, the company revealed that it had integrated the sports betting trading system, Oddsmatcher Matched Betting into its Elys Gameboard betting platform through an exclusive agreement with Guadagno Matematico Srl (GM), which operates the system. Guadagno Matematico translates to "mathematical gain."

The system can offer Newgioco players a competitive advantage and should drive customer engagement and activations, the company said. It said it plans to develop Oddsmatcher within Italy and ultimately expand internationally.

And on October 12, Newgioco said its wholly-owned subsidiary Multigioco Srl plans to install up to 400 new self-service point-of-sale locations throughout Italy with the launch of NGoy Virtual Operator terminals.

The company said it has commenced installation with the first 100 NGoy terminals to be operational in Italy by December 2020 and an additional 300 to be installed through 2021. Additionally, Newgioco intends to expand the deployment of the NGoy terminals in other European countries that permit regulated sports betting.

The Newgioco design-built kiosk, commissioned under a previously announced agreement with VNE Produzione Srl, is an all-in-one self-service terminal that allows frictionless access to player gaming accounts for remote deposits and withdrawals along with the convenience of loading and re-loading of pre-paid cards, phone cards, and a variety of other banking services, including bill-paying features.

On the financing front, in August, the company completed a \$10 million financing which will eliminate its debt. The company said it used the proceeds to repay a total of \$1,495,395 which includes principal and accrued interest. It had around \$484,795 to repay which it expected to clear by September 28.

Newgioco highlighted a "strong balance" with net cash and cash equivalents of \$10 million.

At the end of July, Newgioco reported strong first-quarter results that showed the gaming company swinging to a profit compared to the year-ago quarter.

Total revenue for the three-month period ended March 31, 2020, increased to US\$10.2 million, up from the \$9.3 million it put in a year earlier, while profits came in at \$158,000 compared to the \$3.1 million loss it posted in the first quarter of 2019.

Newgioco attributed the jump in revenue to the switch to online and mobile gaming from more traditional land-based venues, as well as the market's adoption of the firm's proprietary sports book solution.

### **Inflection points:**

- US sports betting platform launch in third quarter of 2020
- News from first US operator client, Handle 19 Inc, in the Capitol Hill area
- Ongoing growth of online and mobile gaming

### **What the broker says:**

WallStreet Research (WSR), a top-ranked independent research firm with a history spanning over four decades, recently initiated coverage Newgioco. The full initiation research report is available at [www.WallStreetResearch.org](http://www.WallStreetResearch.org).

The WSR report highlighted the company's recent accomplishments and growth plans for 2020 and 2021, for both the US and Newgioco's Italian operations.

Alan Stone, CEO of WSR stated: "The Company's acquisitions during the past several years have positioned it for rapid growth in the near term, which the report discusses. Our report includes analytics and metrics on how the Company compares favorably to its industry competitors and highlights the growth trends in the global gaming industry and technology sectors."

### **What the boss says:**

In the September statement announcing the completion of the first phase of GLI certification Newgioco CEO Michele Ciavarella said: "This certification is a key component of our multi-year business growth strategy and the investments we made for expansion into new markets outside of Italy."

"Getting it right the first time is critical to a successful launch in the US and I am very pleased with the outstanding dedication of our software developers, compliance team and project managers at Odissea to accomplish this mandate," Ciavarella added.

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Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

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