



REVISIONS

Rating/Target	Rev.	Prior
Rating	Buy	Buy
Target Price (US)	\$8.00	\$9.50
Revenue 2019E (M)	\$35.2	\$36.5
Adj. EBITDA 2019E (M)	\$3.0	\$3.1
Adj. EPS 2019 (M)	-\$0.06	-\$0.06

MARKET DATA

Date:	Mar 15, 2020
Current Price (US\$):	\$1.41
Target Price (US\$):	\$8.00
52-Week Range:	\$1.41 / \$4.59
Shares O/S (M):	10.8
FD Shares O/S (M):	14.7
Mkt Cap (\$M):	\$15.2
EV (\$M):	\$20.7
Avg. Weekly Vol. (M):	0.06

Website: www.newgiocogroup.com

FINANCIALS

	2018A	2019E
Revenue (\$M)	\$34.6	\$35.2
EBITDA (\$M)	\$1.0	\$3.0
EPS (\$)	\$0.04	-\$0.06
Cash (\$M)	\$6.3	\$4.0
Current Assets (\$M)	\$7.6	\$5.4
Net Cash (\$M)	\$6.4	\$2.2
Total Assets (\$M)	\$22.6	\$23.7
Debt (\$M)	\$0.9	\$3.0
Total Liabilities (\$M)	\$12.7	\$15.9
Fiscal Year End:	31-Dec	

Source: Company Reports, S&P Capital IQ, Yahoo!Finance, eResearch Corp.

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Director of Equity Research

All figures in USD unless otherwise stated.

Newgioco Group, Inc. (OTCQB: NWGI)

Coronavirus Closes Italian Betting Shops and Cancelled Sports Events Could Affect Betting Handle and Revenue

COMPANY DESCRIPTION:

Newgioco Group, Inc. (“Newgioco” or “the Company”) is a vertically integrated organization engaged in the leisure gaming (gambling) industry, primarily in Italy but currently expanding worldwide. Newgioco generates revenues from providing retail land-based and web-based gambling products and services in regulated countries and offers solutions for both the Business-to-Business (B2B) and Business-to-Consumer (B2C) markets. Newgioco’s forecasted double-digit growth over the next year, in the Italian retail gaming market, could be accelerated with tactical acquisitions. Newgioco is poised to capture some of the recently deregulated, multibillion-dollar, U.S. sports betting market through the Company’s proprietary betting platform (ELYS™).

RECENT EVENTS & UPCOMING CATALYSTS:

- **In response to the COVID-19 virus, the Italian government has imposed restrictions on public gatherings and closed certain non-essential businesses, including Italian betting shops and bingo halls.** During the first three quarters of this year, approximately 59% of Newgioco’s Gross Gaming Revenue came from Land-based Wagering. NWGI still has online and mobile offerings including casino and bingo games.
- **Most professional sports have also been curtailed, which will have a direct negative impact on Newgioco’s sports betting handle and revenues.** All major North American and European sports leagues have cancelled or postponed games until early April or “until further notice.”
- **Newgioco continues to develop their U.S. betting platform and products with expected delivery in late 2020.** In October 2019, Newgioco signed two deals for its online and land-based sports betting platform (ELYS™) in the U.S. with Handle 19 and Grand Central in Washington, D.C. Newgioco indicated that development continues on these new products. These deals represent NWGI’s continued growth in the U.S. regulated sports betting market and we expect the new products by the end of the year.

FINANCIAL ANALYSIS & VALUATION:

- **We are reducing our Revenue and EBITDA estimates in 2020 to reflect the negative impact on Newgioco’s land-based revenue and the reduced sports betting revenue.** Revenue estimate for 2020 of \$35.8 million, down from \$55.3 million; EBITDA of \$5.4 million, down from \$8.0 million. We are leaving 2021 revenue and EBITDA estimates unchanged at \$65.8 million and \$10.6 million, respectively.
- **Due to multiple compressions after the recent market correction, we are decreasing our Terminal EBITDA multiple to 8.0x from 9.0x.** Our DCF model with a 10% WACC and a six-year terminal multiple of 8x EBITDA yields a value of \$16.00, down from \$17.07 in our previous report, but still well above the current price of \$1.41.
- Using a revenue multiple of 2.0x and a Q1/2021 12-month Revenue target of \$41.9 million, the one-year target share price estimate is \$5.30. Using an EBITDA multiple of 8.0x EBITDA, and a Q1/2021 12-month EBITDA target of \$6.5 million, the one-year target share price estimate is \$3.13.
- **We calculate our 1-Year Target Price by Equally Weighting the three methods. We are maintaining a “Buy” Rating, but reducing our One-year Target Price to \$8.00 from \$9.50.**

FINANCIAL ANALYSIS & VALUATION UPDATE

In Newgioco's January 2020 corporate presentation, the Company provided 2019 guidance for Turnover (Handle) from Italian operations of at least \$500 million, with revenue growth between 25-35% and EBITDA Margins in the 10-15% range.

Currently we are modelling Turnover of \$467 million (Turnover growth at 19%), but revenue growth of only 2% and EBITDA Margin of only 8.5%. We slightly decreased our revenue estimate in Q4/2019 and we expect EBITDA Margins to be negatively affected in Q4/2019 as marketing expenses return to a more normal level as well as the additional cost of being listed on the NASDAQ exchange.

In response to the COVID-19 virus, the Italian government has imposed restrictions on public gatherings and closed certain non-essential businesses, including Italian betting shops and bingo halls. During the first three quarters of this year, approximately 59% of Newgioco's Gross Gaming Revenue came from Land-based Wagering. NWGI still has online and mobile offerings including casino and bingo games.

Most professional sports have also been curtailed, which will have a direct negative impact on Newgioco's sports betting handle and revenues. All major North American and European sports leagues have cancelled or postponed games until early April or "until further notice."

We are reducing our Revenue and EBITDA estimates in 2020 to reflect the negative impact on Newgioco's land-based revenue and the reduced sports betting revenue. Revenue estimate for 2020 of \$35.8 million, down from \$55.3 million; EBITDA of \$5.4 million, down from \$8.0 million. We are leaving 2021 revenue and EBITDA estimates unchanged at \$65.8 million and \$10.6 million, respectively.

Valuation: We use three methods to calculate the price target for Newgioco:

1. Due to multiple compressions after the recent market correction, we are decreasing our Terminal EBITDA multiple to 8.0x from 9.0x. Our DCF model with a 10% WACC and a six-year terminal multiple of 8x EBITDA now yields a value of \$16.00, down from \$17.07 in our previous report, but still well above the current price of \$1.41.
2. Using a revenue multiple of 2.0x and a Q1/2021 12-month Revenue target of \$41.9 million (down from \$57.5 million in our previous report), the one-year target share price estimate is \$5.30.
3. Using an EBITDA multiple of 8.0x EBITDA, and a Q1/2021 12-month EBITDA target of \$6.5 million (down from \$8.5 million in our previous), the one-year target share price estimate is \$3.13.

Figure 1: Target Price (One Year) Calculation for Newgioco

			Target
Method 1: DCF	WACC 10.0%	Terminal Multiple (Year 6) 8.0x EBITDA	\$16.00
Method 2: Revenue Multiple	2.0x	Q1/2021 Revenue (Est.) \$41.9	\$5.30
Method 3: EBITDA Multiple	8.0x	Q1/2021 EBITDA (Est.) \$6.5	\$3.13
Average (Equal Weighted)			\$8.14
1-Year Target Price			\$8.00

Source: eResearch Corp.

- We are maintaining a "Buy" Rating, but reducing our One-year Target Price to \$8.00 from \$9.50.
- **Undervalued in the market – trading at a discount to peers.** Based on our analysis, Newgioco trades at EV/Revenue of 0.6x for 2019 and 0.6x for 2020. This is well below the peer group range of 1.6x-1.8x for 2019 and 1.2x-1.5x for 2020. Our DCF model with a 10% WACC and a six-year terminal multiple of 8x EBITDA yields a value of \$16.00, well above the current price of \$1.41.

Figure 2: DCF Analysis

Newgioco Group Inc.								
DCF Analysis (US\$)	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenue (\$M)	34.6	35.2	35.8	65.8	78.3	94.3	113.6	137.0
Revenue Growth	51.2%	1.8%	1.6%	83.9%	19.1%	20.4%	20.5%	20.5%
EBITDA (\$M)	1.0	3.8	5.4	10.6	14.4	19.5	26.2	33.5
EBITDA Growth	-70.5%	294.1%	41.4%	96.0%	35.0%	35.8%	34.4%	27.9%
EBITDA Margin	2.8%	10.9%	15.2%	16.2%	18.3%	20.7%	23.1%	24.5%
Depreciation and Amort. (\$M)	0.5	3.7	0.8	0.7	0.5	0.5	0.5	0.5
EBIT (\$M)	0.4	0.1	4.6	10.0	13.8	19.0	25.7	33.1
NOPAT (\$M)	1.0	-0.1	3.1	6.6	9.3	12.9	17.6	22.6
Plus Amortization (\$M)	0.5	3.7	0.8	0.7	0.5	0.5	0.5	0.5
Less Capital Expenditures (\$M)	(4.5)	(0.2)	(0.2)	(0.0)	(0.8)	(0.0)	(0.0)	(0.0)
Capital Intensity	12.9%	0.4%	0.7%	0.0%	1.0%	0.0%	0.0%	0.0%
Net Working Capital Changes (\$)	2.5	-0.2	2.0	2.4	1.3	1.6	1.8	2.3
EPS (Continuing)	0.04	-0.06	0.01	0.04	0.07	0.11	0.15	0.20
Unlevered Free Cash Flow (\$M)	-0.4	3.3	5.6	9.7	10.4	15.0	19.9	25.5
PV of Unlevered FCFs (\$)	-0.5	3.3	5.2	8.2	7.9	10.4	12.6	14.6

Valuation Assumptions:

Discount Rate	10%
Terminal Multiple	8.0x

Valuation Analysis:

	Current	1-Yr Target	2-Yr Target
Total PV of FCFs (\$M)	58.9	59.1	55.2
Terminal Value (\$M)	268.3	268.3	268.3
PV of Terminal Value (\$M)	154.4	169.8	186.8
Net (debt) cash position	1.6	6.0	12.2
Total Value (\$M)	214.8	234.9	254.2
DCF Value/Share	14.63	16.00	17.31
FD Shares O/S (M)	14.7	14.7	14.7

Source: Company Reports; eResearch Corp.

APPENDIX A: NEWGIOCO'S FINANCIAL STATEMENTS

Figure 3: NWGI Income Statement

Newgioco Group Inc. Income Statement (FYE Dec, US\$)	2017	2018A	Q119A	Q219A	Q319A	Q419E	2019E	2020E	2021E	2022E
Revenue										
Total Revenue	22,865,146	34,575,097	9,266,295	9,105,353	6,755,845	10,069,500	35,196,993	35,769,016	65,765,381	78,335,125
Expenses										
Sales and Marketing	14,672,099	24,142,110	7,407,706	7,038,797	3,156,446	6,545,175	24,148,124	23,249,861	41,991,196	49,625,302
General and Administrative	5,597,881	10,005,713	3,173,467	2,487,299	3,259,195	2,215,290	11,135,251	8,226,874	14,468,384	15,667,025
Total Operating Expenses	20,269,980	34,147,823	10,581,173	9,526,096	6,415,641	8,760,465	35,283,375	31,476,734	56,459,579	65,292,327
Operating Income	2,595,166	427,274	(1,314,878)	(420,743)	340,204	1,309,035	(86,382)	4,292,282	9,305,801	13,042,798
Total Other Income	(256,356)	(2,370,881)	(1,528,790)	(1,045,084)	(652,922)	(928,802)	(4,155,598)	(3,406,771)	(3,066,344)	(2,822,020)
EBT	2,338,810	(1,943,607)	(2,843,668)	(1,465,827)	(312,718)	380,233	(4,241,980)	885,511	6,239,457	10,220,778
Income Taxes	(972,924)	(1,102,701)	(261,547)	(232,417)	(283,905)	(152,093)	(929,962)	(354,204)	(2,495,783)	(4,088,311)
Net Income (Loss)	1,365,886	(3,046,308)	(3,105,216)	(1,698,244)	(596,623)	228,140	(5,171,942)	531,307	3,743,674	6,132,467
EPS										
Basic EPS	0.02	0.04	(0.04)	(0.02)	(0.01)	0.00	(0.06)	0.01	0.05	0.07
Diluted EPS	0.02	0.04	(0.04)	(0.02)	(0.01)	0.00	(0.06)	0.01	0.04	0.07
Adj. EBITDA	3,296,761	973,926	(1,156,778)	1,808,569	623,183	1,684,893	2,959,867	5,428,132	10,639,418	14,366,779
Shares Outstanding										
Shares Outstanding, Basic	74,032,631	75,887,946	76,394,867	79,348,133	81,935,964	81,935,964	81,935,964	81,935,964	81,935,964	81,935,964
Shares Outstanding, Diluted	75,344,948	75,887,946	76,394,867	109,722,409	81,935,964	85,808,440	81,935,964	85,808,440	85,808,440	85,808,440

Source: Company Reports; eResearch Corp.

Figure 4: NWGI Balance Sheet

Newgioco Group Inc.										
Balance Sheet (As at Dec 31, US\$)	2017	2018A	Q119A	Q219A	Q319A	Q419E	2019E	2020E	2021E	2022E
Current Assets										
Cash	6,469,858	6,289,903	5,179,403	5,228,797	4,910,994	4,035,417	4,035,417	6,328,265	13,006,329	20,409,287
Trade & Other Receivables	1,280,320	1,081,048	1,291,557	771,265	1,551,638	1,140,625	1,140,625	1,663,609	2,388,237	2,844,581
Prepaid Expenses & Other Assets	100,235	180,412	276,267	285,455	380,817	218,286	218,286	316,754	441,076	509,214
Total Current Assets	7,850,413	7,551,363	6,747,227	6,285,517	6,843,449	5,394,328	5,394,328	8,308,628	15,835,642	23,763,083
Non-Current Assets										
Property and Equipment	280,111	354,799	383,528	347,824	324,227	219,292	219,292	200,783	52,906	12,273
Intangible Assets	3,245,748	12,583,457	16,468,511	16,353,775	16,132,375	16,001,703	16,001,703	15,489,513	14,993,717	15,251,691
Goodwill	260,318	262,552	267,146	267,076	266,920	266,920	266,920	266,920	266,920	266,920
Restricted Cash	587,905	1,560,539	1,549,431	1,439,782	1,404,978	1,404,978	1,404,978	1,404,978	1,404,978	1,404,978
Total Assets	12,224,496	22,587,710	25,665,843	24,943,974	25,357,856	23,673,127	23,673,127	26,056,729	32,940,071	41,084,851
Current Liabilities										
Trade & Other Payables	4,436,787	6,709,461	7,531,588	7,242,920	7,312,301	5,741,386	5,741,386	8,331,327	11,601,244	13,393,433
Operating Line	298,268	1,188,998	825,000	1,000,000	1,000,000	820,000	820,000	587,442	420,839	301,486
Short-Term Debt	2,114,743	39,237	4,196,230	2,949,678	2,501,821	2,322,811	2,322,811	1,705,457	1,233,753	882,864
Convertible Debt	365,160	3,942,523	4,473,994	6,083,982	6,376,410	6,376,410	6,376,410	6,376,410	6,376,410	6,376,410
Total Current Liabilities	7,214,958	11,880,219	17,026,812	17,276,580	17,190,532	15,260,607	15,260,607	17,000,636	19,632,246	20,954,194
Non-Current Liabilities										
Bank Loan Payable	362,808	225,131	190,197	161,504	124,670	102,229	102,229	46,220	20,897	9,448
Notes Payable + Other L-T Liabilities	532,680	608,728	619,991	1,024,477	611,980	550,782	550,782	361,368	237,094	155,557
Total Liabilities	8,110,446	12,714,078	17,837,000	18,462,561	17,927,182	15,913,618	15,913,618	17,408,224	19,890,237	21,119,199
Shareholders Equity										
Share Capital	7,415	7,555	7,837	7,935	8,412	8,412	8,412	8,412	8,412	8,412
Contributed Surplus	14,254,582	23,956,309	25,072,634	25,455,983	27,213,399	27,314,094	27,314,094	27,671,784	28,329,438	29,112,789
Retained Earnings	(9,897,620)	(13,008,894)	(16,114,110)	(17,812,354)	(18,408,977)	(18,180,837)	(18,180,837)	(17,649,531)	(13,905,856)	(7,773,389)
Total Shareholders Equity	4,114,050	9,873,632	7,828,843	6,481,413	7,430,674	7,759,509	7,759,509	8,648,506	13,049,834	19,965,652
Total Liabilities & Shareholders Equity	12,224,496	22,587,710	25,665,843	24,943,974	25,357,856	23,673,127	23,673,127	26,056,729	32,940,071	41,084,851

Source: Company Reports; eResearch Corp.

Figure 5: NWGI Cash Flow Statement

Newgioco Group Inc.										
Cash Flow Statement (FYE Dec, US\$)	2017	2018A	Q119A	Q219A	Q319A	Q419E	2019E	2020E	2021E	2022E
Cash Provided By Operating Activities										
Net Income (Loss)	1,365,886	(3,046,308)	(3,105,216)	(1,698,244)	(596,623)	228,140	(5,171,942)	531,307	3,743,674	6,132,467
Amortization of Intangibles	601,266	58,188	-	2,096,080	878,359	130,672	3,105,111	512,190	495,795	492,027
Depreciation of Property & Equipment	100,329	488,464	158,100	133,232	194,019	144,491	629,842	265,970	180,167	48,603
Impairment	-	(518,354)	-	-	-	-	-	-	-	-
Changes in Non-Cash Working Capital										
Trade & Other Receivables	1,152,785	242,832	(205,281)	505,488	(837,755)	411,013	(126,535)	(522,984)	(724,628)	(456,344)
Prepaid Expenses & Other Assets	-	(138,366)	(58,555)	50,823	(175,058)	162,531	(20,259)	(98,469)	(124,321)	(68,138)
Trade & Other Payables	-	2,414,096	820,873	(200,338)	889,099	(1,570,915)	(61,281)	2,589,940	3,269,917	1,792,189
Total Cash Provided By Operating Activities	3,358,674	1,774,952	(812,851)	(46,730)	59,164	(393,372)	(1,193,788)	3,635,644	7,498,259	8,724,155
Investing Activities										
Purchase of Property & Equipment	(180,722)	(4,455,099)	(46,804)	(12,449)	(55,568)	(39,556)	(154,377)	(247,461)	(32,290)	(7,969)
Redemption of Short-Term Investments & Restricted Cash	(45,142)	(972,634)	1	100,139	33,057	-	133,197	-	-	-
Total Cash From Investing Activities	-225,864	(5,427,733)	(459)	88,014	(22,744)	(39,556)	25,255	(247,461)	(32,290)	(757,969)
Financing Activities										
Proceeds from Loan	591,202	6,883,906	-	-	2,252	-	2,252	-	-	-
Operating Line (Repayment)	165,925	14,454	75,000	175,000	-	(180,000)	70,000	(232,558)	(166,603)	(119,353)
Repayment of Loan	(186,502)	(137,965)	(29,134)	(29,873)	(29,560)	(262,649)	(351,216)	(862,777)	(621,301)	(443,874)
Issue of Equity	-	(2,261,307)	196,783	(196,783)	-	-	-	-	-	-
Total Cash From Financing Activities	570,625	4,499,088	(178,420)	(181,240)	(89,873)	(442,649)	(892,182)	(1,095,335)	(787,904)	(563,227)
Net Increase in Cash	4,239,436	(179,955)	(1,110,500)	49,393	(317,802)	(875,577)	(2,254,485)	2,292,848	6,678,065	7,402,958
Beginning Cash	2,230,422	6,469,858	6,289,903	5,179,403	5,228,796	4,910,994	6,289,903	4,035,417	6,328,265	13,006,329
Ending Cash	6,469,858	6,289,903	5,179,403	5,228,796	4,910,994	4,035,417	4,035,417	6,328,265	13,006,329	20,409,287

Source: Company Reports; eResearch Corp.

APPENDIX C: GAMING/GAMBLING COMPARABLES

Figure 6: Gaming/Gambling Comparables

Name	Mar 13 Close	Mkt Cap (M)	Cash (M)	Debt (M)	EV (M)	2018A			2019E			2020E			EBITDA (M)			EV/Revenue			EV/EBITDA		
						2018A	2019E	2020E	2018A	2019E	2020E	2018A	2019E	2020E	2018A	2019E	2020E	2018A	2019E	2020E			
Large-Cap																							
Activision Blizzard	\$59.04	\$45,415	\$5,859	\$2,948	\$42,504	\$7,500	\$6,363	\$6,818	\$2,507	\$2,198	\$2,553	5.7x	6.7x	6.2x	17.0x	19.3x	16.7x						
Aristocrat Leisure	\$17.21	\$10,986	\$355	\$1,751	\$12,378	\$2,163	\$2,709	\$2,978	\$705	\$943	\$1,032	5.7x	4.6x	4.2x	17.6x	13.1x	12.0x						
Tabcorp Holdings	\$2.03	\$4,110	\$219	\$2,637	\$6,528	\$3,211	\$3,185	\$3,415	\$550	\$663	\$621	2.0x	2.0x	1.9x	11.9x	9.9x	10.5x						
Flutter Entertainment	\$79.23	\$6,214	\$143	\$717	\$7,059	\$2,388	\$2,833	\$3,001	\$575	\$560	\$548	3.0x	2.5x	2.4x	12.3x	12.6x	12.9x						
The Stars Group	\$16.60	\$4,792	\$321	\$5,082	\$9,557	\$2,029	\$2,517	\$2,684	\$540	\$913	\$957	4.7x	3.8x	3.6x	17.7x	10.5x	10.0x						
GVC Holdings	\$5.86	\$3,414	\$484	\$3,203	\$6,180	\$3,641	\$4,489	\$4,598	\$631	\$944	\$1,043	1.7x	1.4x	1.3x	9.8x	6.5x	5.9x						
Evolution Gaming	\$33.50	\$6,084	\$205	\$24	\$5,903	\$281	\$405	\$539	\$111	\$200	\$276	21.0x	14.6x	10.9x	53.0x	29.5x	21.4x						
Boyd Gaming	\$15.34	\$1,712	\$251	\$4,694	\$6,155	\$2,493	\$3,321	\$3,374	\$586	\$796	\$836	2.5x	1.9x	1.8x	10.5x	7.7x	7.4x						
International Game	\$6.41	\$1,310	\$663	\$8,472	\$9,946	\$4,831	\$4,769	\$4,736	\$1,451	\$1,687	\$1,688	2.1x	2.1x	2.1x	6.9x	5.9x	5.9x						
Universal Entertainment	\$19.79	\$1,543	\$359	\$773	\$1,957	\$870	\$1,192	\$1,596	-\$46	\$183	\$382	2.2x	1.6x	1.2x	10.7x	5.1x							
IG Group Holdings	\$7.38	\$2,714	\$538	\$187	\$2,362	\$724	\$632	\$641	\$332	\$271	\$264	3.3x	3.7x	3.7x	7.1x	8.7x	8.9x						
Great Canadian Gaming	\$20.79	\$1,149	\$254	\$1,411	\$2,409	\$865	\$1,034	\$1,027	\$330	\$410	\$352	2.8x	2.3x	2.3x	7.3x	5.9x	6.8x						
Scientific Games	\$8.73	\$819	\$313	\$8,855	\$9,465	\$3,363	\$3,432	\$3,498	\$1,048	\$1,363	\$1,380	2.8x	2.8x	2.7x	9.0x	6.9x	6.9x						
Kindred Group	\$3.05	\$692	\$183	\$385	\$894	\$1,157	\$1,207	\$1,242	\$261	\$169	\$203	0.8x	0.7x	0.7x	3.4x	5.3x	4.4x						
William Hill	\$1.10	\$960	\$608	\$1,404	\$1,765	\$2,057	\$2,160	\$1,940	\$320	\$355	\$334	0.9x	0.8x	0.9x	5.5x	5.0x	5.3x						
Playtech	\$2.19	\$654	\$754	\$1,447	\$1,352	\$1,420	\$1,667	\$1,576	\$303	\$426	\$366	1.0x	0.8x	0.9x	4.5x	3.2x	3.7x						
Betsson	\$3.49	\$483	\$65	\$157	\$575	\$554	\$531	\$585	\$130	\$128	\$137	1.0x	1.1x	1.0x	4.4x	4.5x	4.2x						
Mean (excluding NWGI; multiple <20X)															2.6x	3.1x	2.8x	9.7x	8.5x	7.9x			
Median (excluding NWGI)															2.5x	2.1x	2.1x	9.4x	7.7x	7.4x			
Mid-Cap																							
The Rank Group Plc	\$2.11	\$826	\$144	\$515	\$1,196	\$857	\$903	\$994	\$124	\$175	\$214	1.4x	1.3x	1.2x	9.7x	6.8x	5.6x						
PlayAGS, Inc.	\$4.03	\$143	\$18	\$538	\$663	\$285	\$306	\$315	\$116	\$145	\$150	2.3x	2.2x	2.1x	5.7x	4.6x	4.4x						
NetEnt AB (publ)	\$1.74	\$416	\$27	\$262	\$650	\$182	\$185	\$220	\$69	\$91	\$115	3.6x	3.5x	3.0x	9.4x	7.2x	5.6x						
Everi Holdings Inc.	\$7.40	\$626	\$298	\$1,124	\$1,451	\$470	\$521	\$581	\$221	\$254	\$277	3.1x	2.8x	2.5x	6.6x	5.7x	5.2x						
888 Holdings plc	\$1.19	\$438	\$111	\$59	\$386	\$541	\$558	\$593	\$97	\$87	\$90	0.7x	0.7x	0.7x	4.0x	4.4x	4.3x						
Gamesys Group Plc	\$7.10	\$771	\$120	\$690	\$1,341	\$407	\$724	\$722	\$137	\$205	\$219	3.3x	1.9x	1.9x	9.8x	6.6x	6.1x						
Kambi Group plc	\$8.90	\$274	\$50	\$17	\$240	\$87	\$103	\$126	\$17	\$32	\$45	2.8x	2.3x	1.9x	13.9x	7.6x	5.3x						
LeoVegas AB (publ)	\$2.24	\$227	\$42	\$96	\$286	\$375	\$398	\$429	\$44	\$50	\$61	0.8x	0.7x	0.7x	6.6x	5.8x	4.7x						
Ainsworth Game	\$0.40	\$135	\$26	\$29	\$138	\$164	\$147	\$141	\$34	\$25	\$26	0.8x	0.9x	1.0x	4.1x	5.5x	5.3x						
Inspired Entertainment	\$5.03	\$112	\$29	\$143	\$225	\$141	\$139	\$259	\$46	\$44	\$71	1.6x	1.6x	0.9x	4.9x	5.1x	3.2x						
The Rank Group Plc	\$2.11	\$826	\$144	\$515	\$1,196	\$857	\$903	\$994	\$147	\$175	\$204	1.4x	1.3x	1.2x	8.1x	6.8x	5.9x						
Mean (excluding NWGI; multiple <20X)															2.0x	1.8x	1.5x	7.5x	6.0x	5.1x			
Median (excluding NWGI)															1.6x	1.6x	1.2x	6.6x	5.8x	5.3x			
Newgioco Group, Inc.	\$1.41	\$15	\$5	\$10	\$21	\$35	\$35	\$36	\$1	\$3	\$5	0.6x	0.6x	0.6x	22.6x	7.0x	3.8x						
Small-Cap																							
Sportech PLC	\$0.31	\$58	\$19	\$11	\$51	\$81	\$85	\$85	\$4	\$13	\$12	0.6x	0.6x	0.6x	13.4x	4.0x	4.1x						
Galaxy Gaming, Inc.	\$1.45	\$26	\$9	\$48	\$66	\$19	\$0	\$0	\$6	\$0	\$0	3.5x			11.3x								
GAN plc	\$1.34	\$114	\$12	\$1	\$104	\$13	\$31	\$37	-\$8	\$8	\$12	7.7x	3.4x	2.8x		13.4x	8.6x						
Seven Aces Limited	\$1.07	\$77	\$2	\$84	\$162	\$72	\$79	\$98	\$26	\$28	\$37	2.3x	2.1x	1.6x	6.2x	5.8x	4.4x						
Bragg Gaming	\$0.14	\$11	\$1.0	\$1.2	\$11.4	\$8.6	\$30.0	\$34.1	-\$6.8	-\$1.1	\$0.8	1.3x	0.4x	0.3x			14.4x						
Jackpot Digital Inc.	\$0.01	\$1.4	\$1.1	\$5.5	\$4.3	\$1.5	\$0.0	\$0.0	-\$2.1	\$0.0	\$0.0	2.8x											
Global Daily Fantasy	\$0.10	\$7.7	\$0.0	\$0.0	\$7.7	\$0.1	\$0.0	\$0.0	-\$3.2	\$0.0	\$0.0	98.1x											
Contagious Gaming	\$0.01	\$0.3	\$0.1	\$0.6	\$0.8	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	2.3x											
Mean (excluding NWGI; multiple <20X)															2.9x	1.6x	1.3x	10.3x	7.7x	7.9x			
Median (excluding NWGI)															2.5x	1.3x	1.1x	11.3x	5.8x	6.5x			

Source: S&P Capital IQ and eResearch Corp.

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Analyst Affirmation: I, Chris Thompson, hereby state that, at the time of issuance of this research report, I do not own shares of Newgioco Group, Inc.

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