

Company Profile

Description

Galaxy Gaming, Inc. is a creator, designer and purveyor of casino table game software. To best explain what is going on here, understand that most casino table games (not slot machine games) are represented by poker, pai gow poker, blackjack, craps, baccarat and roulette. They are public domain games that can be played by anyone and practically anywhere. No one owns, and therefore licenses, the technology, name, rules to players, card rooms or casinos.

Caribbean Stud Poker, a fairly well known table game name, is by contrast a proprietary game. This is a premium game. This class of game is also stand-alone with its own unique set of rules and strategies, but the name, rules, approach, mathematics that empower the play, etc., are owned by a creator or author. To play these premium games, someone—in most cases the casino—has to pay a royalty per hand, per game or per month to its owner, thereby licensing the right to make the game available to the casino’s clientele. The arrangement is very much like authoring the lyrics and composing the music to a song; anyone playing the song commercially, re-recording or performing the song and so forth needs to pay a royalty to the owners.

Galaxy does not own Caribbean Stud Poker—as an example , but it does own and license a handful of premium side-bets to public domain and premium-owned games as well as over a dozen of their own premium games. Because of the premium game benefits—enhanced fun or challenge, better payouts, more ways to play to score, a better chance to win a life-altering jackpot, etc., Galaxy enjoys nearly a 98 percent gross margin as well as a better than 90 percent placement retention of their games in casinos. What this means is they enjoy strong recurring revenues and cash flow.

An important point is that this operating model is a not unlike the ethical drug business. Operating characteristics include patented IP, wide margins, strong recurring revenue, marketing performed within a strong channel by a specialty “detail team”, heavy regulation, high competitive barriers and so forth.

Over the course of the last four-plus years, Galaxy has more than tripled its revenues (from about \$3.7 million to what is now nearly \$13 million), completed a \$3 million acquisition (this represents part of the growth, which GLXZ paid \$23 million to buy the revenue stream), paid down nearly half of the said debt, became the largest purveyor of games in the UK, expanded its marketing footprint into Europe, Africa, the Middle East and the Caribbean, added nearly a dozen more US state jurisdictions, tripled the number of game titles to be licensed while raising the average monthly license fee from \$80 per game to an amount approaching \$900 per month, improved its electronic progressive bonusing products and added a new device to its menu of products that detects marked playing cards. This last addition helps to save casinos from cheaters by exposing marked playing cards.

Some changes and announcements to look for over the next 12 months....

Galaxy Gaming , Inc. –GLXZ OTCQB



- The new “prime” market approach is working very, very well. For a single price, GLXZ can outfit a casino with all the proprietary games the other major competitor can supply plus the very desired *High Card Flush* and MegaShare Bonusing System. The client casino can mix and match whatever collection of games they want to best suit the needs of their clientele.
- The Company should be re-allowed into California, and permitted into Michigan, Ohio and as a licensed manufacturer in Nevada...Big new markets.
- They should be installing the bonusing jackpot options overseas and here at a more rapid pace.

Insiders own over 60% of the shares outstanding.

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