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COOLBET 

2022 THIRD QUARTER EARNINGS

November 14, 2022



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3Q22 HIGHLIGHTS CONTINUED PROGRESS

Focus on path to profitability overcomes topline headwinds, while underlying KPI growth remains strong



Q3 CONSOLIDATED FINANCIAL METRICS

REVENUE
\$32.1M

vs. PY
0%

NET LOSS
(\$6.9M)

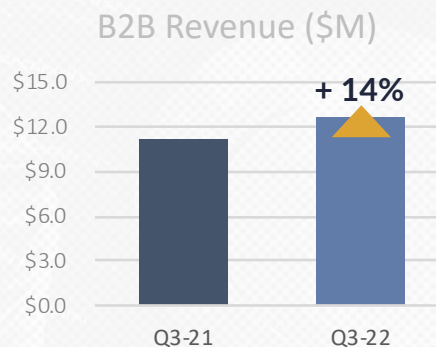
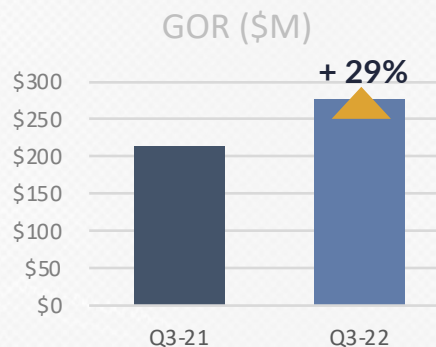
20%

AEBITDA
\$2.1M (6.5%)

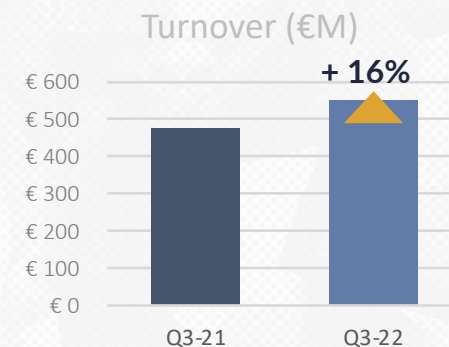
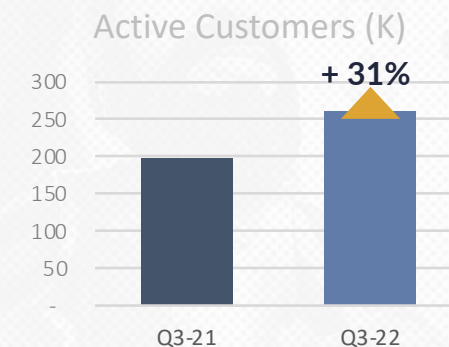
n/m

Cash ⁽¹⁾
\$41.8M

B2B METRICS vs. PY



B2C METRICS vs. PY



⁽¹⁾ Third Quarter 2022 compared to Second Quarter 2022

EXECUTION UPDATES

Upcoming catalysts and accelerating product momentum

B2B SPORTS & iGAMING

GAN Sports now live in Mississippi & Silverback studio debuted new online casino titles

OPTIMIZING CAPITAL ALLOCATION

Currently planning to bolster resilience into 2023 by adopting new cost-cutting measures while staying on track to meet long-term growth goals

UPCOMING CATALYSTS

FIFA World Cup in Q4 & Mexico market entry in early 2023. Expecting high customer activity on World Cup, but revenue challenging to pinpoint

HEALTHY KPI TRENDS

Underlying yr/yr KPI's in B2B & B2C healthy and growing



DELIVERING NEW CONTENT & PARTNER LAUNCHES

Ramping iGaming content catalog, client roster, and debuting new app



EXCLUSIVE CONTENT

SILVERBACK

5 exclusive slot titles live and on track to deliver 5 additional titles by end of 1Q23

Performance from every release has surpassed prior game metrics

Launching *Tiki Bonanza* in December, which has been generating positive "buzz" from operators



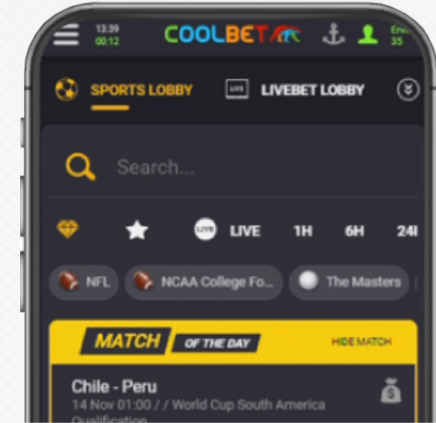
CLIENT LAUNCHES

OAKLAWN

Supporting online sportsbook operations through proven platform

ISLAND VIEW

First U.S. deployment of GAN Sports for retail



SPORTSBOOK APP

ONTARIO

iOS app went live early in 4Q

User acquisition marketing focused on securing a profitable market niche

Coolbet.ca strong in Ice Hockey, based on ~20 years of odds setting/risk management in Sports' Trading Team

2022-2023 ROADMAP

Set to deliver profitable growth from new markets with bolstered product offering

2022

Recent Launches

Ontario regulated market OSB and iCasino in April

PlayEagle.com for Soaring Eagle in Michigan in April

Oaklawn in Arkansas in September

Q3 22

Major Milestones

Launch of the **GAN Sports** Retail Sports Betting solution for Island View Casino Resort in September

Coolbet major milestone with **1.2M registered customers** and over 750K depositing customers globally

Silverback game release, **'Golden Calaveras'**, in September with 7M spins, \$4M in turnover

Q4 22

Monetization Opportunities

FIFA World Cup runs November 20 through December 18, providing a significant customer acquisition opportunity

Coolbet iOS mobile app launch for the Ontario regulated market November 3

Silverback game **'Wilds of the West'** launch October 31, outpacing Golden Calaveras

Upcoming December release of **'Tiki Bonanza'** most anticipated Silverback game to-date

1H 23

Significant New Markets

GAN Sports with **Red Rock Resorts** Inc (Station Casinos) in the state of **Nevada**

GAN will launch Station's **STN Sports** online sports platform, player account management system, mobile applications, and retail sports betting

Mexico regulated iGaming + OSB market launch

2H 23

Scaling to Positive NOI

Continued scaling of new markets, product offerings and organic growth

Content rollout with **Silverback** will release a new game every other month

Capital allocation optimization with new cost-cutting measures and focus on prudent spending to support growth objectives



FINANCIAL REVIEW

3Q22 FINANCIAL OVERVIEW

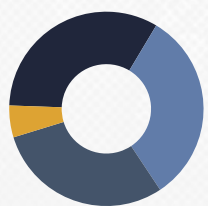
Revenue growth in B2B offset by B2C FX headwinds

Q3 CONSOLIDATED FINANCIAL METRICS

| | | | Y/Y | Y/Y CC Growth ¹ |
|-----------------|-----------------|---|-----|----------------------------|
| Revenue | \$32.1M | ▶ | 0% | 11% |
| Net Loss | (\$6.9M) | ▲ | 20% | N/A |
| Adjusted EBITDA | \$2.1M | ▲ | N/A | N/A |
| EPS | (\$0.16) | ▲ | N/A | N/A |

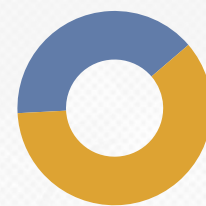
Q3 REVENUE

BY GEOGRAPHY



| | | Y/Y |
|---------------------|----------------|-----------|
| ● Europe | \$10.6M | (9%) |
| ● United States | \$10.3M | 13% |
| ● Latin America | \$9.5M | (4%) |
| ● Rest of the World | \$1.7M | 1% |
| Total Revenue | \$32.1M | 0% |

BY SEGMENT



| | | Y/Y |
|---------------|----------------|-----------|
| ● B2B | \$12.7M | 14% |
| ● B2C | \$19.4M | (8%) |
| Total Revenue | \$32.1M | 0% |

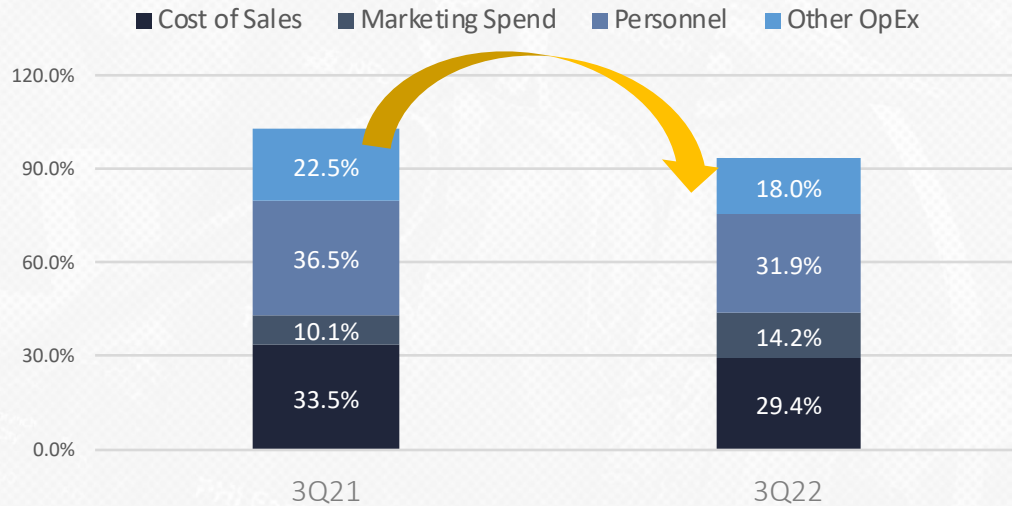
⁽¹⁾ Constant currency basis is non-GAAP to show underlying strength holding currency fluctuations constant

3Q22 AEBITDA PROFITABILITY

Continued cost discipline and FX Tailwinds yield improvement in quarterly AEBITDA profitability

AEBITDA OPEX

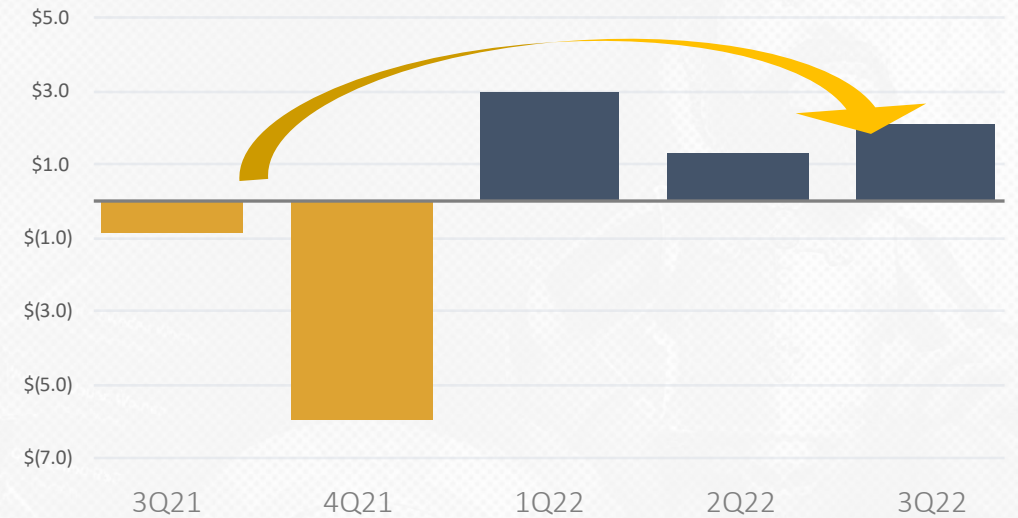
Non-CoS OpEx declined from 69.2% of Rev in 3Q21 to 64.2%
Total OpEx declined from 102.7% of Rev in 3Q21 to 93.5%



- + Marketing Spend up 410 bps to support B2C organic growth
- + All other categories down 410-460 bps YoY on FX and cost discipline
- + Q3 Gain on FX contributed to majority of decline in Other OpEx

AEBITDA TREND

Significant YoY improvement both QTD and YTD



- + 2022 Q3 QTD AEBITDA of **\$2.1M** (6.5%) up vs. PY loss of (\$0.9M)
- + 2022 Q3 YTD AEBITDA of **\$6.4M** (6.1%) up 2x vs. PY of \$3.2M

FINANCIAL HIGHLIGHTS

Commitment to balance sheet strength and runway to sustained positive cash flow generation

KEY HIGHLIGHTS

- + B2C currently cash flow generative & capex light
- + New B2B opportunities carefully contemplated on ROI basis
- + Cutting discretionary spending for leaner, more capital efficient operations

CORPORATE EXPENSES

- + Optimizing through labor-arbitrage, continued in-sourcing of professional services
- + Public company costs trending lower in 2023, driven by reduced market pricing of D&O insurance

CAPITAL EXPENDITURES

- + Internally developed software runs approximately \$3M/Qtr, \$9.2M YTD
- + Content licensing commitments for sRGS of \$5.5M (Q2); additional \$1.0M in Q4
- + PP&E \$1.7M YTD; Q3 higher (\$1.0M) due to facilities costs; minimal outlay in Q4
- + Gaming licenses for new jurisdictional launches (NV, MX) \$1.1M in Q3; minimal outlay in Q4

CASH POSITION

- + Q3 ending balance of \$41.8M, with positive Operational Cash Flow for first time since Q2-2021
- + Anticipate Q4 positive operating cash flow, lowest CapEx of year
- + Cost structure adjustments to ensure ongoing balance sheet strength + runway to sustained positive FCF

WRAP UP

Positive AEBITDA despite headwinds; upcoming catalysts and accelerating product momentum

ORGANIC GROWTH IN B2B REVENUES

YTD revenue growth of 16% driven by new launches and product momentum

SEVERAL UPCOMING CATALYSTS

FIFA World Cup, anticipated launches of GAN Sports and Mexico \$600MM TAM expected to grow to over \$1B by 2026

B2C FX HEADWINDS

YTD revenue growth of 22% in constant currency vs. actual growth of 9%; shifting capital spending strategy to high ROI opportunities

OPTIMIZING CAPITAL ALLOCATION

Currently planning to bolster resilience into 2023 by adopting new cost-cutting measures while staying on track to meet long-term growth goals





APPENDIX

KEY PERFORMANCE HIGHLIGHTS

Strong growth sequentially and comparatively in key metrics

Year over Year

All Figures in \$ USD Millions

| | | 3Q22 | 3Q21 | Chg. |
|---------------------------------|-------------------|---------|---------|---------|
| SPORTS BETTING | Turnover / Handle | \$160.2 | \$154.9 | +3% |
| | Gross Win % | 6.6% | 6.8% | -20 bps |
| | Gross Win | \$10.5 | \$10.5 | — |
| | Promo Allowances | (2.7) | (2.6) | -4% |
| | Net Win | \$7.8 | \$7.9 | -1% |
| iGAMING | Turnover / Handle | \$396.3 | \$408.0 | -3% |
| | Gross Win % | 3.5% | 3.5% | — |
| | Net Win | \$11.1m | \$12.3m | -10% |
| Active Customers (in thousands) | | 261 | 199 | +39% |

B2C

B2B

| | | | |
|-----|---------|---------|------|
| GOR | \$277.9 | \$217.6 | +28% |
|-----|---------|---------|------|

STATEMENT OF OPERATIONS

(Unaudited, in thousands of US\$)

Three Months Ended

| | September 30, 2022 | June 30, 2022 | September 30, 2021 |
|--|--------------------|-------------------|--------------------|
| Total Revenue | \$32,120 | \$34,967 | \$32,268 |
| Revenue | \$12,685 | \$14,150 | \$11,175 |
| Cost of revenue ⁽¹⁾ | 2,173 | 2,939 | 3,583 |
| B2B segment gross profit ⁽¹⁾ | 10,512 | 11,211 | 7,592 |
| Segment gross profit margin ⁽¹⁾ | 83% | 79% | 68% |
| Revenue | \$19,435 | \$20,817 | \$21,093 |
| Cost of revenue ⁽¹⁾ | 7,262 | 7,524 | 7,218 |
| B2C segment gross profit ⁽¹⁾ | 12,173 | 13,293 | 13,875 |
| Segment gross profit margin ⁽¹⁾ | 63% | 64% | 66% |
| Total segment gross profit ⁽¹⁾ | \$22,685 | \$24,504 | \$21,467 |
| Segment gross profit margin ⁽¹⁾ | 71% | 70% | 67% |
| Sales and marketing | 6,757 | 7,267 | 5,657 |
| Product and technology | 4,998 | 5,188 | 5,492 |
| General and administrative ⁽¹⁾ | 10,185 | 13,688 | 12,888 |
| Impairment | — | 28,861 | — |
| Restructuring | — | 712 | — |
| Depreciation and amortization | 5,893 | 6,556 | 4,560 |
| Total operating expenses (excluding cost of revenues) | 27,833 | 62,272 | 28,597 |
| Operating loss | (5,148) | (37,768) | (7,130) |
| Interest expense, net | 1,450 | 1,080 | — |
| Other income | (13) | (270) | — |
| Loss before income taxes | (6,585) | (38,578) | (7,130) |
| Income tax expense (benefit) | 356 | (229) | 1,548 |
| Net loss | \$(6,941) | \$(38,349) | \$(8,678) |

⁽¹⁾ Excludes depreciation and amortization expense

GAAP TO NON-GAAP RECONCILIATION

Three Months Ended

| <i>(Unaudited, in thousands of US\$)</i> | September 30, 2022 | June 30, 2022 | September 30, 2021 |
|--|--------------------|-------------------|--------------------|
| Net loss | \$(6,941) | \$(38,349) | \$(8,678) |
| Income tax expense (benefit) | 356 | (229) | 1,548 |
| Interest expense, net | 1,450 | 1,080 | — |
| Depreciation and amortization | 5,893 | 6,556 | 4,560 |
| Share-based compensation and related expense | 1,335 | 2,715 | 1,700 |
| Impairment | — | 28,861 | — |
| Restructuring | — | 712 | — |
| Adjusted EBITDA ⁽¹⁾ | \$2,093 | \$1,346 | \$(870) |
| Adjusted EBITDA margin | 6.5% | 3.8% | (2.7)% |

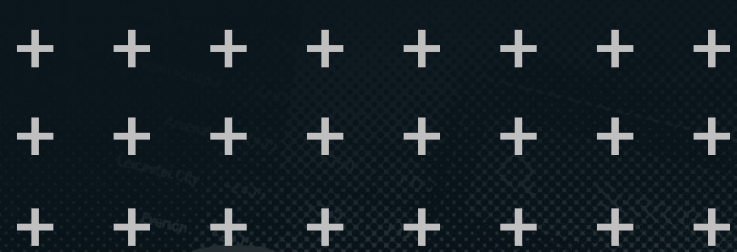
- 1) Adjusted EBITDA is defined as net loss before interest expense, net, income tax expense (benefit), depreciation and amortization, impairments, share-based compensation expense and related expense, restructuring costs, and other items we deem infrequent or unusual in nature. Because Adjusted EBITDA is not a GAAP measure, the way we define Adjusted EBITDA may not be comparable to similarly titled measures used by other companies in the industry.

HISTORICAL NORMALIZED REVENUE⁽¹⁾

| | | <i>(Unaudited, in thousands of US\$)</i> | | | | |
|---|--|--|-----------------|-----------------|-----------------|-----------------|
| | | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 |
| REVENUE | Revenue | \$32,268 | \$30,427 | \$37,494 | \$34,967 | \$32,120 |
| | Normalized adjustments ⁽²⁾ | 36 | 4,237 | (837) | (81) | 493 |
| | Normalized Revenue | \$32,304 | \$34,664 | \$36,657 | \$34,886 | \$32,613 |
| SPORTS MARGIN | Actual sports margin | 6.8% | 4.6% | 7.2% | 7.1% | 6.6% |
| | Normalized sports margin | 6.9% | 6.9% | 7.0% | 7.0% | 7.0% |
| REVENUE TO GROSS GAMING REVENUE (GGR) RATIO | Actual revenue to GGR ratio | 74.8% | 67.0% | 78.8% | 72.7% | 73.6% |
| | Normalized revenue to GGR ratio | 74.7% | 74.7% | 75.7% | 73.9% | 73.6% |

(1) This schedule presents normalized revenue, which is non-GAAP financial measures and should be considered supplementary to the corresponding financial measures prepared in accordance with U.S. GAAP.

(2) The adjustments are based on the effects of an expected normalized sports margin of 7.0% and 6.9% for quarters in years 2022 and 2021, respectively. Sports margin is the ratio of GGR to total amount wagered, which allows management to measure sportsbook performance against the expected outcome. The revenue to GGR ratio is driven by customer incentives, including free bets, sign-up and retention bonuses, and allows management to measure the impact of bonus spend on net revenue. The revenue to GGR ratio may fluctuate based on the number of new users acquired during the period.



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