

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **November 11, 2021**

**GAN Limited**

(Exact name of registrant as specified in its charter)

**Bermuda**

(State or other jurisdiction  
of incorporation)

**001-39274**

(Commission  
File Number)

**Not Applicable**

(I. R. S. Employer  
Identification No.)

**400 Spectrum Center Drive  
Suite 1900  
Irvine, CA 92618**

(Address of principal executive offices, including ZIP code)

**(702) 964-5777**

(Registrant's telephone number, including area code)

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Ordinary Shares, par value \$0.01	GAN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On November 11, 2021, GAN Limited (the “Company”) issued an earnings release and held a conference call reporting its unaudited financial results for the three and nine months ended September 30, 2021. A copy of the earnings release is being furnished as Exhibit 99.1 and a transcript of the conference call is being furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information contained in this Item 2.02, including the related information set forth in the earnings release attached hereto as Exhibit 99.1 and transcript attached hereto as Exhibit 99.2 and incorporated by reference herein, is being “furnished” and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by the specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

*(d) Exhibits*

Exhibit Number	Description
99.1	<a href="#">Press Release, dated November 11, 2021</a>
99.2	<a href="#">Transcript of conference call</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 12, 2021

GAN Limited

*/s/ Karen E. Flores*

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Karen E. Flores

Chief Financial Officer

## GAN Reports Third Quarter 2021 Financial Results

*B2B Segment Revenues Grow 5% Sequentially*

*Announced First Sports Betting Customer Red Rock Resorts Subsequent to Quarter-end*

*Outlined Plan to reach \$500+ million of revenue by 2026 and set a long-term Adjusted EBITDA margin target of 30-35% at October Investor Event*

**Irvine, California | November 12, 2021:** GAN Limited (NASDAQ: GAN) (the “Company” or “GAN”), a leading full-service internet gaming software-as-a-service provider to the real-money internet gaming (RMiG), online sports betting, and simulated gaming (SIM) industries, today reported its unaudited financial results for the third quarter ended September 30, 2021.

**Dermot Smurfit, CEO of GAN stated:**

*“Our third quarter financial results were in line with our expectations as our B2B segment revenues rose 5% compared to the prior quarter, while our B2C revenues experienced seasonality following a record second quarter. We added the iconic Treasure Island Hotel & Casino to our growing list of SIM clients during the quarter, and continued to demonstrate the value of our ‘multi-state, one app’ capability as we launched Churchill Downs’ online sports betting operation in Arizona. We also built upon our existing relationship with FanDuel, helping to deliver their iGaming platform in the state of Connecticut subsequent to quarter-end. Lastly, we continued to allocate our capital spending toward its most productive uses – ensuring it is deployed behind our people and technology – as we opened a new tech hub in Miami to leverage a rich and growing technology-oriented labor pool.”*

*“The last few weeks have been eventful as well as our management team debuted GAN Sports (our sports betting kiosk), our Super RGS platform and other new products at the Global Gaming Expo (“G2E”) in Las Vegas. Our growing portfolio of products and content that roll up into our B2B product suite will further expand our position as a premier, holistic provider of technology solutions, popular games and original, exclusive content. We also provided a deep dive into our B2B and B2C strategies, the complexity and value of our technology, and showcased the depth and experience of our broader leadership team at our inaugural Investor Event in October. We believe these initiatives will ultimately yield over \$500 million of revenue by 2026 and a long-term Adjusted EBITDA margin of 30-35% at scale. We continue to make exciting progress in each of our business segments and initiatives and are well-positioned going forward.”*

**Third Quarter 2021 Financial Highlights vs Second Quarter 2021:**

- **Total revenue** was \$32.3 million versus \$34.6 million, a 7% decrease driven by sports seasonality and lower sports betting margins than the prior quarter, despite an increase in the number of active customers.
  - **B2B segment revenue** was \$11.2 million versus \$10.6 million, driven primarily by an increase in hardware sales during the third quarter.
  - **B2C segment revenue** was \$21.1 million, a \$2.9 million decrease from \$24.0 million, driven by lower sports betting margins as event results favored customers during the third quarter, despite an
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increase in the number of active customers. The decrease was partially offset by organic growth in casino and poker revenues within the segment.

- **Consolidated segment gross profit, excluding depreciation and amortization**, was \$21.5 million versus \$24.3 million. Gross profit decreased primarily due to decreased margins within the Company's B2C segment.
- **Net loss** was \$7.9 million versus net loss of \$2.7 million. The quarter over quarter increase was primarily related to the impact of lower B2C sports book margin, as well as a total of \$1.5 million adverse impact due to an additional tax provision expense, foreign currency effects and a purchase accounting adjustment related to the Coolbet acquisition.
- **Adjusted EBITDA** was slightly higher than breakeven versus \$4.6 million. The decrease was primarily driven by lower segment gross profit, higher operating costs related to people, facilities and marketing spend, and unfavorable foreign currency effects.
- **Cash** was \$50.3 million as of September 30, 2021, which was a decline of \$1.8 million primarily related to payments for exclusive rights for leading online gaming content. The Company does not have any debt obligations.

#### GAN Limited

#### Key Financial Highlights

(Unaudited, in thousands unless otherwise specified)

	Three Months Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
<b>Revenue</b>			
B2B	\$ 11,168	\$ 10,646	\$ 10,266
B2C	21,093	23,982	—
Total revenue	<u>\$ 32,261</u>	<u>\$ 34,628</u>	<u>\$ 10,266</u>
<b>Profitability Measures</b>			
B2B segment gross profit <sup>(1)</sup>	\$ 7,585	\$ 8,339	\$ 7,183
B2B segment gross profit margin <sup>(1)</sup>	67.9 %	78.3 %	70.0 %
B2C segment gross profit <sup>(1)</sup>	\$ 13,875	\$ 15,933	\$ —
B2C segment gross profit margin <sup>(1)</sup>	65.8 %	66.4 %	N/A
Net loss	\$ (7,920)	\$ (2,730)	\$ (2,913)
Adjusted EBITDA <sup>(7)</sup>	\$ 39	\$ 4,642	\$ (434)
<b>Key Performance Indicators</b>			
B2B Gross Operator Revenue <sup>(2)</sup> (in millions)	\$ 214.8	\$ 221.4	\$ 142.3
B2B Active Player-Days <sup>(3)</sup> (in millions)	9.0	9.1	7.5
B2B ARPDAU <sup>(4)</sup> (in whole dollars)	\$ 24.00	\$ 24.38	\$ 18.93
B2C Active Customers <sup>(5)</sup> (number of customers)	198,884	186,942	N/A
B2C Marketing Spend Ratio <sup>(6)</sup>	15 %	12 %	N/A

## **Performance and Operational Highlights**

- **B2B Gross Operator Revenue (“GOR”)** <sup>(2)</sup> totaled \$214.8 million versus \$221.4 million last quarter, a 3% decrease. The decrease was primarily driven by lower seasonal-related GOR performance in Italy, which is typically not as strong in the third quarter versus the second quarter.
- **Launched new B2B commercial operators in two U.S. states.** The GAN-powered TwinSpires, Churchill Downs Incorporated’s online wagering platform for sports, has commenced operations in the state of Arizona. This brings the GAN platform to Arizona for the first time and leverages the Company’s ‘multi-state, one app’ approach. Additionally, in October, the Company announced it is partnering to operate FanDuel’s online casinos in Connecticut.
- **B2C Strong KPI's.** Strong momentum continued in Active Customers, which reached nearly 200K in the third quarter, which was up 6% from the prior quarter and 136% from the prior year. Casino turnover (amount wagered) increased 17% or \$58 million from the prior quarter.
- **GAN won five awards across B2B & B2C.** These include EGR B2B Award for White Label Partner of the Year, GGB Gaming Technology Award for Best Interactive Product, Norwegian TIPS Magazine for Bookmaker of the Year, Innovator of the Year and Mobile Sports Product of the Year by the International Gaming Awards.
- **After the 2021 third quarter-end,** the Company announced an agreement with Red Rock Resorts to power their online and retail race and sports betting throughout Nevada. Additionally, the Company recently announced an agreement with existing simulated gaming client the Island View Casino Resort in Mississippi to provide retail Over-the-Counter, Kiosk-based and on-site mobile sports betting

## **2021 Outlook**

### **Karen Flores, CFO of GAN added:**

*“We are reiterating our full-year revenue expectation for \$125 million to \$135 million. We maintain a robust cash position and zero debt leaving us in a strong position to add to our Super RGS portfolio, invest in our people and technology, launch GAN Sports and support new client launches. We expect our profitability to continue to trend positively going forward as we build additional business scale, lap periods of high investment and begin to generate stronger returns on capital spending.”*

### **Conference Call Details**

Date/Time: Thursday, November 11, 2021, at 4:30 PM ET  
Webcast: <https://www.webcast-eqs.com/ganlimited20211111/en>  
U.S. Toll-Free Dial-in: (866) 682-6100  
International Dial-in: (862) 298-0702

To access the call, please dial in approximately ten minutes before the start of the call. An accompanying slide presentation will be available in PDF format on the “Events & Presentations” page of the investor relations portion of the Company’s website (<http://investors.gan.com>) after issuance of the earnings release.

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## **About GAN Limited**

GAN is a leading business-to-business supplier of internet gambling software-as-a-service solutions predominantly to the U.S. land-based casino industry and is a market-leading operator of proprietary online sports betting technology with market leadership positions in selected European and Latin American markets. GAN has developed a proprietary internet gambling enterprise software system, GameSTACK™, which it licenses to land-based U.S. casino operators as a turnkey technology solution for regulated real money internet gambling, encompassing internet gaming, internet sports betting and social casino gaming branded as ‘Simulated Gaming.’

## **Forward-Looking Statements**

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this release that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements regarding the Company’s 2021 revenue guidance, the Company’s anticipated trends in revenues (including new customer launches) and operating expenses, the anticipated improvement in profitability for the second half of 2021, the anticipated launch of regulated gaming in new U.S. states, the expected integration of Coolbet’s sports betting technology and international B2C operations, the anticipated launch timing of the B2B sportsbook technology solution in the U.S., , as well as statements that include the words “expect,” “intend,” “plan,” “believe,” “project,” “forecast,” “estimate,” “may,” “should,” “anticipate” and similar statements of a future or forward-looking nature. These forward-looking statements are based on management’s current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date on which they are made. The Company undertakes no obligation to update or revise any forward-looking statements for any reason, except as required by law.

## **Key Performance Indicators and Non-GAAP Financial Measures**

This presentation uses certain non-GAAP financial measures as defined in Securities and Exchange Commission rules. The Company reports financial results in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and also communicates with investors using certain non-GAAP financial measures. These non-GAAP financial measures are not in accordance with, nor are they a substitute for or superior to, the comparable U.S. GAAP financial measures. These non-GAAP financial measures are intended to supplement the presentation of the Company’s financial results that are prepared in accordance with U.S. GAAP.

† The Company excludes depreciation and amortization in certain segment calculations.

† The Company defines B2B Gross Operator Revenue as the sum of its B2B corporate customers’ gross revenue from Simulated gaming, gross gaming revenue from real money regulated iGaming, and gross sports win from real money regulated sports betting. B2B Gross Operator Revenue, which is not comparable to financial information presented in conformity with U.S. GAAP, gives management and users an indication of the extent of transactions processed through the Company’s B2B corporate

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customers' platforms and allows management to understand the extent of activity that the Company's platform is processing.

The Company defines B2B Active Player-Days as unique individuals who log on and wager each day (either wagering with real money or playing with virtual credits used in Simulated gaming), aggregated during the respective period. By way of illustrative example: one (1) unique individual logging in and wagering each day in a single calendar year would, in aggregate, represent 365 B2B Active Player-Days. B2B Active Player-Days provides an indicator of consistent and daily interaction that individuals have with the Company's platforms. B2B Active Player-Days allows management and users to understand not only total users who interact with the platform but gives an idea of the frequency to which users are interacting with the platform, as someone who logs on and wagers multiple days are weighted heavier during the period than the user who only logs on and wagers one day.

The Company defines B2B Average Revenue per Daily Active User ("ARPDau") as B2B Gross Operator Revenue divided by the identified number of B2B Active Player-Days. This metric allows management to measure the value per daily user and track user interaction with the platforms, which helps both management and users of financial statements understand the value per user that is driven by marketing efforts and data analysis obtained from the Company's platforms.

The Company defines B2C Active Customers as a user that places a wager during the period. This metric allows management to monitor the customer segmentation, growth drivers, and ultimately creates opportunities to identify and add value to the user experience. This metric allows management and users of the financial statements to measure the platform traffic and related trends.

The Company defines B2C Marketing Spend Ratio as the total B2C direct marketing expense for the period divided by the total B2C revenues. This metric allows management to measure the success of marketing costs during a given period. Additionally, this metric allows management to compare across jurisdictions and other sub-sets, plus comparison to peers with tracking over time as an additional indication of return on marketing investment.

Adjusted EBITDA is a non-GAAP financial measure that is provided as supplemental disclosure which the Company defines as net income (loss) before interest expense (income), net income taxes, depreciation and amortization, impairments, share-based compensation expense and related expense, initial public offering related costs and other items which the Board of Directors considers to be infrequent or unusual in nature. Management uses Adjusted EBITDA to measure its financial performance. Specifically, it uses Adjusted EBITDA (1) as a measure to compare its operating performance from period to period, as it removes the effect of items not directly resulting from core operations and (2) as a means of assessing its core business performance against others in the industry, because it eliminates some of the effects that are generated by differences in capital structure, depreciation, tax effects and unusual and infrequent events. The presentation of Adjusted EBITDA is not intended to be used in isolation or as a substitute for any measure prepared in accordance with U.S. GAAP. Adjusted EBITDA, as defined, may not be comparable to similarly titled measures used by other companies in the industry, and Adjusted EBITDA may exclude financial information that some investors may consider important in evaluating the Company's performance. Adjusted EBITDA, as calculated by the Company, along with a reconciliation to net income (loss), the comparable U.S. GAAP equivalent measure, is included below.

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**Investor Contacts:**

**GAN**

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**GAN Limited**  
**Condensed Consolidated Statements of Operations (Unaudited)**  
(in thousands, except share and per share amounts)

	Three Months Ended			Nine Months Ended	
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	2020
Revenue	\$ 32,261	\$ 34,628	\$ 10,266	\$ 94,731	\$ 26,259
Operating costs and expenses					
Cost of revenue <sup>(1)</sup>	10,801	10,356	3,083	29,876	6,898
Sales and marketing	5,657	5,480	1,277	15,238	3,782
Product and technology	4,634	4,055	1,896	13,539	8,093
General and administrative <sup>(1)</sup>	12,895	12,326	6,120	35,232	16,297
Depreciation and amortization	4,646	4,149	804	12,758	2,373
Total operating costs and expenses	38,633	36,366	13,180	106,643	37,443
Operating loss	(6,372)	(1,738)	(2,914)	(11,912)	(11,184)
Interest expense, net	—	—	2	1	392
Loss before income taxes	(6,372)	(1,738)	(2,916)	(11,913)	(11,576)
Income tax expense (benefit)	1,548	992	(3)	3,201	312
Net loss	<u>\$ (7,920)</u>	<u>\$ (2,730)</u>	<u>\$ (2,913)</u>	<u>\$ (15,114)</u>	<u>\$ (11,888)</u>
Loss per share, basic and diluted	<u>\$ (0.19)</u>	<u>\$ (0.07)</u>	<u>\$ (0.10)</u>	<u>\$ (0.36)</u>	<u>\$ (0.46)</u>
Weighted average ordinary shares outstanding, basic and diluted	<u>42,061,396</u>	<u>41,931,948</u>	<u>29,571,905</u>	<u>41,962,535</u>	<u>25,782,776</u>

<sup>(1)</sup> Excludes depreciation and amortization

**GAN Limited**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
(in thousands, except share and per share amounts)

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 50,305	\$ 152,654
Accounts receivable, net of allowance for doubtful accounts of \$89 and \$100 at September 30, 2021 and December 31, 2020, respectively	7,166	6,818
Prepaid expenses	2,411	1,912
Other current assets	2,380	2,112
Total current assets	62,262	163,496
Capitalized software development costs, net	14,212	6,648
Goodwill	149,015	—
Intangible assets, net	39,521	468
Other assets	13,016	2,634
Total assets	<u>\$ 278,026</u>	<u>\$ 173,246</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 4,647	\$ 4,926
Accrued compensation and benefits	9,660	4,956
Accrued expenses	6,948	3,363
Liabilities to users	7,863	—
Other current liabilities	4,050	4,067
Total current liabilities	33,168	17,312
Deferred income taxes	2,173	—
Other liabilities	648	370
Total liabilities	35,989	17,682
Stockholders' equity		
Ordinary shares, \$0.01 par value, 100,000,000 shares authorized, 42,182,774 and 36,635,362 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	422	365
Additional paid-in capital	317,367	203,842
Accumulated deficit	(60,880)	(45,766)
Accumulated other comprehensive loss	(14,872)	(2,877)
Total stockholders' equity	242,037	155,564
Total liabilities and stockholders' equity	<u>\$ 278,026</u>	<u>\$ 173,246</u>

**GAN Limited**  
**Segment Revenue and Gross Profit (Unaudited)**  
(in thousands)

	Three Months Ended			Nine Months Ended September 30,	
	September 30, 2021	June 30, 2021	September 30, 2020	2021	2020
<b>Revenue</b>					
<b>B2B</b>					
Platform and content fees	\$ 8,743	\$ 9,325	\$ 6,914	\$ 27,252	\$ 19,269
Development services and other	2,425	1,321	3,352	8,092	6,990
Total B2B revenue	11,168	10,646	10,266	35,344	26,259
<b>B2C</b>					
Gaming	21,093	23,982	—	59,387	—
Total B2C revenue	21,093	23,982	—	59,387	—
Total revenue	<u>\$ 32,261</u>	<u>\$ 34,628</u>	<u>\$ 10,266</u>	<u>\$ 94,731</u>	<u>\$ 26,259</u>
<b>Gross Profit</b>					
<b>B2B</b>					
Revenue	\$ 11,168	\$ 10,646	\$ 10,266	\$ 35,344	\$ 26,259
Cost of revenue <sup>(1)</sup>	3,583	2,307	3,083	8,632	6,898
B2B segment gross profit	7,585	8,339	7,183	26,712	19,361
<i>B2B segment gross profit margin</i>	<i>67.9 %</i>	<i>78.3 %</i>	<i>70.0 %</i>	<i>75.6 %</i>	<i>73.7 %</i>
<b>B2C</b>					
Revenue	21,093	23,982	—	59,387	—
Cost of revenue <sup>(1)</sup>	7,218	8,049	—	21,244	—
B2C segment gross profit	13,875	15,933	—	38,143	—
<i>B2C segment gross profit margin</i>	<i>65.8 %</i>	<i>66.4 %</i>	<i>— %</i>	<i>64.2 %</i>	<i>— %</i>
Total segment gross profit	\$ 21,460	\$ 24,272	\$ 7,183	\$ 64,855	\$ 19,361
<i>Total segment gross profit margin</i>	<i>66.5 %</i>	<i>70.1 %</i>	<i>70.0 %</i>	<i>68.5 %</i>	<i>73.7 %</i>

<sup>(1)</sup> Excludes depreciation and amortization

**GAN Limited**  
**Revenue by Geography (Unaudited)**  
(in thousands)

	<b>Three Months Ended</b>			<b>Nine Months Ended</b>	
	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>September 30, 2020</b>	<b>2021</b>	<b>2020</b>
Revenue by geography *					
United States	\$ 9,100	\$ 8,608	\$ 8,662	\$ 29,181	\$ 21,957
Europe	11,598	14,193	1,594	36,855	4,272
Latin America	9,854	10,254	—	23,711	—
Rest of the world	1,709	1,573	10	4,984	30
Total	<u>\$ 32,261</u>	<u>\$ 34,628</u>	<u>\$ 10,266</u>	<u>\$ 94,731</u>	<u>\$ 26,259</u>

\* Revenue is segmented based on the location of the Company's customer.

**GAN Limited**  
**Adjusted EBITDA (Unaudited)**  
(in thousands)

	<b>Three Months Ended</b>			<b>Nine Months Ended</b>	
	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>September 30, 2020</b>	<b>2021</b>	<b>2020</b>
Net loss	\$ (7,920)	\$ (2,730)	\$ (2,913)	\$ (15,114)	\$ (11,888)
Income tax expense (benefit)	1,548	992	(3)	3,201	312
Interest expense, net	—	—	2	1	392
Depreciation and amortization	4,646	4,149	804	12,758	2,373
Share-based compensation and related expense	1,765	2,231	737	5,535	8,794
Initial public offering transaction related	—	—	—	—	2,831
Tax related provisions	—	—	939	—	939
Adjusted EBITDA	<u>\$ 39</u>	<u>\$ 4,642</u>	<u>\$ (434)</u>	<u>\$ 6,381</u>	<u>\$ 3,753</u>

**GAN Limited**  
**3Q21 Earnings Call Transcript**  
**November 11, 2021**

**Robert Shore, VP, IR & Capital Markets**

Thank you, Operator, and good afternoon everyone. GAN's third quarter 2021 earnings release was issued today after market and is posted on the Company's web site at [www.GAN.com](http://www.GAN.com).

With me today are Dermot Smurfit, President and Chief Executive Officer, and Karen Flores, Chief Financial Officer. Please note that we have provided a set of PowerPoint slides that will accompany our prepared remarks. You may access these slides on the Investor Relations section of our website, and we will start on page 2 with our safe harbor disclosure.

We would like to remind you that, except for the factual statements made today, the information contained in this conference call, including any financial and related guidance to be provided, consists of forward-looking statements that involve risks, uncertainties and assumptions that are difficult to predict. Words and expressions reflecting optimism and satisfaction with current prospects, as well as statements in the future tense, identify forward-looking statements, but their absence does not mean that a statement is not forward-looking.

Forward-looking statements should not be interpreted as a guarantee of future performance or results, as such statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Some important factors that could cause such differences are discussed in the "Risk Factors" section of GAN's Annual Report filed on Form 10-K on March 31, 2021. Forward-looking statements speak only as of the date the statements are made, and the company assumes no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws.

During the call, there will also be a discussion of some non-GAAP financial measures. A description of these non-GAAP financial measures is included in the press release issued this morning, and reconciliations of these non-GAAP financial measures to their most directly comparable U.S. GAAP measures are included in the appendix to the investor presentation and press release issued this morning, both of which are available in the Investors tab of our website.

With that, I'd like to turn the floor over to Dermot for opening remarks. Please go ahead, Dermot.

**Dermot Smurfit, President and Chief Executive Officer**

Thank you Bobby and good afternoon everyone. Please join me on the fourth slide of the presentation released earlier today to discuss third quarter performance for our consolidated and operating segment results, encompassing our B2B enterprise software segment and our international B2C sports betting segment.

I'm pleased with the third quarter performance, particularly with B2B delivering 5% sequential growth and the all important take rate on gross operator revenue moving upwards driven by continued strength in iGaming together with overall strong consumer demand in the U.S. market. Quarter on quarter growth has been delivered by our B2B division despite the third quarter being the seasonally slowest of the calendar year and granting our B2B division significant momentum in the current fourth quarter.

**GAN Limited**  
**3Q21 Earnings Call Transcript**  
**November 11, 2021**

I'm also excited to announce today our second client for omnichannel GAN Sports being the Island View Casino Resort in southern Mississippi, which will be a new State for GAN and will shortly become our 10<sup>th</sup> state into which we have operationally deployed our technology platform.

We have now entered the seasonally strongest operating period of Q4 and Q1 and at this mid-point of Q4 I'm satisfied that B2B will continue delivering top-line growth as we move into 2022 which will actually be our 10<sup>TH</sup> year operating our technology platform right here in America. Since the beginning of the third quarter we have shown strong execution of new B2B client launches and with Arizona's September sports betting launch and Connecticut's iGaming launch last month. GAN's technology platform is now powering online gambling in nine States nationwide including NJ, PA, IN, MI, TN, CO, WV, AZ, and CT. Additional incremental launches in Louisiana, Maryland, Arkansas are anticipated in the coming months which together with Mississippi will see GAN's technology Platform live across 14 States, up from just 3 States this time last year ... and with each State our capability increases as does the scarcity of our technology Platform and therefore its inherent value. In fact, GAN remains the only major B2B provider with a proven 'one account, one app, multi-State' capability which is contributing significantly to our sales pipeline and contributed greatly to our recent major client win of Red Rock Resorts, also known as Station Casinos, which remains a standout opportunity to demonstrate our omnichannel Sports betting capability, which I'll comment on further later in this presentation.

Shortly after a highly successful G2E conference and securing a number of coveted B2B Industry awards, we held a strongly attended Investor Event setting out the multiple pathways that serve as the basis for us targeting \$500 to \$600M in topline revenue by 2026 together with long term adjusted EBITDA targets in excess of 30%. As we move through the last quarter of 2021 our B2B division remains in robust health with a strong sales pipeline of significant multi-State opportunities for both iGaming and omnichannel sports betting across multiple new and existing States, with a fast-expanding engineering capability here in the U.S. ably led by our COO Mr. Don Ryan.

Turning now to our B2C International division and following a stand-out performance in the second quarter, the third quarter saw active customers increasing 6% quarter on quarter. As expected, B2C revenues were impacted by a quieter third quarter International sports' calendar without major sports tournament events, but we experienced strong substitutional engagement by sports gamblers active within the online casino. Our B2C division, ably led by Mr. Anders Karlsen, also scooped a number of coveted International Industry awards including Mobile Sports Product of the year from International Gaming Awards.

Record levels of customer activity have continued into the fourth quarter, with active customers reaching a record in October, and looking forward into 2022 we are preparing for incremental launches in Latin American markets which are complementary to and will build upon our existing strong market position in that region.

Despite having personally missed G2E courtesy of COVID, I'm happy to report the rest of the GAN leadership team was in full and healthy attendance at this major annual B2B conference where both our Super RGS and GAN Sports omnichannel offerings were extremely well received by executives of potential B2B clients.

We are in the final stages of launching our first major B2C Operator client of SuperRGS and the first portfolio of Ainsworth online slot games have received regulatory signoff in Michigan and will be live by the end of this month. We are now at the contract stage with nearly all 'Tier One' B2C Operators of iGaming and based on this strong commercial demand we believe the substantial majority of B2C Operators of iGaming here in the U.S. will become

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clients of our SuperRGS in relatively short order. As a reminder, GAN's exclusive content portfolio already represents a 'must have' collection of online facsimiles of retail slot machines, which we believe are critical to optimizing any B2C Operator's cost of online customer acquisition, customer retention and therefore extending lifetime values. We have observed a growing market awareness that iGaming sits at the heart of B2C Operators' path to future profitability and high quality, instantly recognizable online slot content -- such as GAN's exclusive and substantial Ainsworth content portfolio -- has a critical role to play in supporting B2C Operators' profitability by lowering the cost to acquire the highest value players of online casino games.

Also at G2E we demonstrated our omnichannel sports betting solution with physical kiosks and Over The Counter capability demonstrated alongside our award winning and fully U.S. localized mobile sports betting experience. We believe our Sports offering demonstrates a superior user experience for both retail and mobile sports betting, as evidenced by our recent major new client win of Station Casinos, set out on the next slide.

Several months ago, Station Casinos initiated a request for proposal, subsequently evaluating all major vendors of sports betting technology with a view to upgrading the sports gambling experience currently available in both retail and online in Nevada. At that time, GAN had been serving as Stations' provider of Simulated Gaming for more than four years, demonstrating operational excellence, transparency and that we deserved their trust as technical custodians of a substantial database of their online patrons, many of whom have linked their Stations retail loyalty cards to their online accounts in reliance on GAN's patented iBridge Framework. This factor gave GAN a series of competitive advantages in seeking to extend the relationship from 'just' Simulated Gaming to a mission-critical part of their operating business, their sportsbook. We are trusted by Stations. We are respected. We have operated online successfully together for years. We also have unique Intellectual Property, the value of which was clear to the Stations executive group AND we have a long-standing technical integration into their casino management system enabling reward cards to be linked to online accounts and reward points to be triggered by online activities. Furthermore, GAN had completed the acquisition of Coolbet at the outset of the year and was able to demonstrate the merits of a modern sports betting technology system designed to render a modern, omnichannel, social sports gambling experience to cater to veteran and recreational sports gamblers of all kinds. Finally, Station also had the option to execute against any iGaming opportunity which might arise from regulation of online casino in Nevada, which leading Nevadan casino executives have been calling for in recent public statements. GAN believes it's Platform is the largest U.S. Platform for iGaming and I'm happy to state today that in the event Nevadan iGaming becomes a reality beyond just online Poker, that we will be serving as Station's exclusive provider of iGaming via GAN's platform, not just sports betting.

To our knowledge there were two other major sports gambling providers at the table and I'm proud of our Sales executives for securing competitive commercial terms for the full provision of omnichannel sports betting technology together with custom Managed Trading Services and risk management. Stations is not only our first U.S. retail casino operator client of GAN Sports. Stations represent a rare market opportunity not just to demonstrate our sports capability but to demonstrate it at considerable scale in arguably the most complex regulated market environment in America. The Las Vegas Locals market is a \$125M-plus existing retail and online sports gambling market with Station the clear market leader. Their business will be operating on GAN's technology in the second half of 2022 with the upside of iGaming with a market leader, in the increasingly likely event that iGaming comes to pass in Nevada, possibly limited to holders of retail reward cards which will play to GAN's intellectual property in that domain. Our intellectual property in this area is highly valuable, has been licensed many times and we believe delivers extraordinary value to online operations when seamlessly and automatically linked to retail reward



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programs. We have most recently licensed our intellectual property at \$75 per card link and there are a reported 150M retail reward cards in active circulation.

Finally, it's worth pointing out the strategic value to GAN of partnering with Station Casinos in Nevada which many perceive to be the 'inner sanctum' of retail gaming in America. Not only do we have the privilege of having a major retail casino group as a sponsor for GAN's gaming licensure in Nevada ... but we have the opportunity to further enhance and optimize our omnichannel Sports solution by working with one of the most sophisticated sports gambling executive teams anywhere in the United States. I have little doubt that GAN Sports will not just be proven at scale, but greatly optimized by the operational experience and associated learnings we will inexorably develop during this substantial multi-year contract.

This major strategic relationship should place GAN Sports on a glidepath to becoming the leading omnichannel sports betting solution for all retail casinos in America, and I'll take this opportunity to congratulate our teams in Estonia and the U.S. who secured for GAN's shareholders this massive opportunity which further validates our \$200M acquisition of Coolbet first announced this time last year.

Moving on to the final slide in support of this opening narrative, and serving as a summary recap of the Investor Event held last month and still available in full online at GAN.com.

We continue to experience strong demand for our battle-tested B2B technology platform and related services here in the U.S. market, evidenced by our recent slew of new client wins, State-by-State expansion with existing clients and a densely populated sales pipeline. We will also be expanding into Canada as part of a major expansion to an existing B2B client relationship. We will also be launching SuperRGS this month and commencing the work to bring our omnichannel GAN Sports offering to life in Nevada for Station Casinos. Overseas in International markets we will continue to benefit from B2C Operations in Europe and Latin America and anticipate annual gains in operating leverage as both the B2B and B2C divisions continue to scale. We believe both the B2B and B2C opportunities represent continuing major Total Addressable Markets respectively here in the U.S. and select International individual markets principally located in Europe and Latin America. GAN remains the very definition of a technology-led growth story, in our view, and we remain committed to execution and the path towards our 2026 revenue target of between \$500 and \$600 million, coupled to our long-term adjusted EBITDA target margin range of between 30% and 35%.

With that, I'll pass the discussion to our CFO, Karen Flores.

**Karen Flores, Chief Financial Officer**

Thank you, Dermot and good afternoon, everyone.

Some brief housekeeping items first. My comments today around our consolidated results will once again focus on sequential quarter over quarter comparisons, given the effect of the Coolbet acquisition on January 1 of this year and the resulting impact on comparisons to prior year operations. Additionally, as the SEC is closed today in observance of Veteran's Day, our 8-K and 10-Q reports will be on file tomorrow.

Starting with our consolidated financial results on slide 9. Third quarter revenues of \$32.3 million were down 7% from Q2. Our revenue performance was driven by modest growth in our B2B segment, while we observed

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seasonality and lower sports hold rates against the backdrop of strong underlying customer trends in our B2C segment.

B2B segment revenue of \$11.2 million was up 5 percent sequentially, as our development services and other revenue increased 84% or \$1.1 million quarter over quarter. The increase was driven by hardware sales in advance of upcoming new client launches, which will convert into recurring SaaS revenue in the future. Our global recurring SaaS revenue declined 6% during the quarter, primarily due to the impact of seasonality and lower revenues in our Italian operations as a result of the re-opening of retail venues as COVID restrictions have eased. Our core U.S. business has observed sustained, strong levels of online iGaming activity, with no change in quarter-over-quarter casino SaaS revenue, and year over year growth of 80% as compared to the third quarter of 2020.

B2C segment revenue of \$21.1 million in the third quarter was down 12% or \$2.9 million versus Q2. B2C results were primarily impacted by a 7 percent decline in Sports turnover due to the seasonality of the sports calendar, as well as a 280-basis point decline in sports hold resulting from a higher mix of player-friendly event outcomes. Looking forward, all key sports are running from the end of October, and we are already observing acceleration of player acquisition and engagement trends, with the first week of November setting a number of records, including for the highest weekly turnover and net gaming revenue. B2C Casino was very strong in the third quarter, with casino turnover up 17% or \$58 million from Q2.

Before I move on to comment on our net loss and adjusted EBITDA, I'd like to point out that we incurred a number of unique expenses during the quarter, totaling \$1.5 million. These include a \$600 thousand increase in our tax provision expense, \$500 thousand related to FX, and \$400 thousand related to a YTD adjustment of amortization of intangible assets, as we finalize the purchase accounting for the Coolbet acquisition.

Operating expenses increased by \$1.8 million or 7% sequentially to \$27.8 million. This included \$900 thousand related to FX and purchase accounting, as I just mentioned. The remaining portion of the increase was attributable to a 6% or 35-person headcount increase in our global personnel to 639, increased facility costs associated with the opening of our new Miami tech hub and relocation of our London office, additional marketing spend for our B2C segment in anticipation of our upcoming Canada launch, and increased professional advisory services incurred in connection with the upcoming anticipated launches of new jurisdictions for both our B2B and B2C segments.

With the revenue impact of the B2C sports turnover and hold rate, as well as the unique items around tax, FX and purchase accounting adjustments totaling \$1.5 million, our net loss for the quarter increased to \$7.9 million. Adjusted EBITDA was break-even this quarter, and year-to-date our adjusted Adjusted EBITDA stands at \$6.4 million for an Adjusted EBITDA margin of 7%.

Our balance sheet remains strong with a cash balance of \$50 million at quarter end. The slight decline versus prior quarter of \$1.8 million primarily related to payments for exclusive rights for leading online slot content related to the upcoming launch of our Super RGS product offering. We continue to remain debt-free, granting us a clear path to focus on high-growth initiatives, securing additional market share and delivering the best platform technology to the market.

Moving on to our key performance indicators on slide 10. B2B gross operator revenue from our clients declined 3% quarter over quarter, to \$215 million. Total US iGaming gross operator revenue was roughly flat versus the prior

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quarter and up 99% year over year from \$96 million in the third quarter of 2020 to \$190 million. Our quarter over quarter market share was down slightly, from 21% to 19%.

Turning to B2C, key performance indicators remain at exceptional levels across the board with active customers up 6% to nearly 200,000! The total marketing spend ratio increased to 15% of revenue in the quarter, and cost per acquisition increased from \$30 to \$45, as spend became less efficient for a period of time, however these marketing metrics are still well below industry averages

While we are pleased with our continued progress this quarter – we are laser focused on ramping the profitability - and ultimately cash flow - of the business. To reiterate some of my comments at our virtual investor event last month: G&A is our single largest cost category at 37% of revenue year to date, which is down from 62% of revenue for the same period last year. We are getting more efficient, and we anticipate that our G&A costs as a percent of revenue will continue to decline over the next several years, towards the 10% steady-state environment.

We are building the product and operating infrastructure to support our operations in a number of new jurisdictions. We recently partnered with FanDuel in Connecticut for iGaming in mid-October and are pleased at the speed with which this market is ramping - up 10% versus the launch results observed in Pennsylvania for the same period when we first launched that state in 2020. However, it will take some time for new markets to develop and our operations to achieve efficiency.

We are excited about our near-term growth strategy, with new offerings including GAN Sports and super RGS, which will increase our recurring revenues and enable a higher take rate of operator revenues.

And we are committed to delivering improving margins on an annual basis, operating margin profitability by 2023, and long-term EBITDA of 30% to 35%.

Finally, I recently returned from beautiful Estonia, headquarters for our B2C segment, and I couldn't be more impressed with the team, their strategy, and the outlook for growth across Latin America and Europe for our B2C business.

At this time we are reiterating our full-year revenue guidance of \$125 million to \$135 million, with no further adjustment to the range. The variability in our results for the full year will be determined by the sports hold rate, which we anticipate to range between 7 to 8% in any normalized quarter. A repeat of the sports hold rate of 6.8 percent that we observed in both Q1 and Q3 of this year will put us in the mid-point of this range, and each percentage point up or down roughly equates to \$1 million of revenue.

I'll now turn it back over to Dermot to conclude our remarks. Dermot.

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**Dermot Smurfit, President and Chief Executive Officer**

Thank you, Karen. Wrapping up, we delivered 5% sequential growth in B2B, we've demonstrated again the excellence of our B2C International product driving all-time record customer activity, and explained what we believe is the necessity of investing to accommodate expected growth in demand for our B2B technology and services here in the U.S. After this seasonally weakest third quarter, strong results should now follow the seasonal U.S. ramp throughout the key NFL sports betting season, with forthcoming client launches during the coming months in Canada, Michigan, Louisiana, Maryland and Mississippi continuing to enhance our growth profile and demonstrating projected operational leverage in Q4 and Q1.

In 2022, GAN will deliver a highly scalable and recurring revenue business model, which will maximize value for all our stakeholders.

That concludes our remarks, and we will now open the line-up for questions.

**Dermot Smurfit, President and Chief Executive Officer**

**Closing Note**

Thank you for joining today for our third quarter earnings. We now have the clients required to prove-out a complete and high quality 'one stop shop' product offering ... and are continuing to build the engineering bandwidth we believe will continue to help even the largest B2C Operators execute on their stated get-to-market-first strategies. We have the iGaming content portfolio which will ensure the success of our SuperRGS and the key client in Station Casinos whose success will ensure GAN's B2B market leadership with GAN Sports over time ... we have firm visibility over our domestic and international growth strategy to support the burstable bandwidth required to continue delivering for our clients. Accordingly, we look forward to continuing with strong execution in the current fourth quarter as we exploit the seasonally strongest period in America's fast growing and faster regulating online gambling Industry.

Thank you again and stay safe, wherever you are.