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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to ________

Commission File No. 001-39274

GAN Limited
(Exact name of registrant as specified in its charter)

Bermuda	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10845 Griffith Peak Drive, Suite 200, Las Vegas, Nevada	**89135**
(Address of principal executive offices)	(Zip Code)

(833) 565-0550
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, par value $0.01	GAN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		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. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At May 6, 2025, there were 46,460,423 ordinary shares outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GAN LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except share and per share amounts)

	March 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 39,942	$ 38,742
Accounts receivable, net of credit losses of $127 and $186 at March 31, 2025 and December 31, 2024, respectively	4,134	7,043
Prepaid expenses	4,796	3,165
Other current assets	2,588	3,879
Total current assets	51,460	52,829
Capitalized software development costs, net	7,705	7,430
Intangible assets, net	8,128	8,825
Operating lease right-of-use assets, net	3,394	3,417
Other assets	4,469	4,645
Total assets	$ 75,156	$ 77,146
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	$ 5,706	$ 5,615
Accrued compensation and benefits	7,246	6,680
Accrued content license fees	1,883	1,757
Liabilities to users	10,292	9,853
Current operating lease liabilities	1,008	912
Other current liabilities	6,684	6,351
Total current liabilities	32,819	31,168
Deferred income taxes	3,744	3,169
Long-term debt	48,092	46,875
Non-current operating lease liabilities	2,401	2,528
Other liabilities	4,576	4,547
Total liabilities	91,632	88,287
Commitments and contingencies (Note 14)		
Shareholders' equity (deficit)		
Ordinary shares, $0.01 par value, 100,000,000 shares authorized, 46,153,365 and 45,071,578 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	462	457
Additional paid-in capital	340,158	339,720
Accumulated deficit	(324,092)	(317,264)
Accumulated other comprehensive loss	(33,004)	(34,054)
Total shareholders' deficit	(16,476)	(11,141)
Total liabilities and shareholders' equity (deficit)	$ 75,156	$ 77,146

The accompanying notes are an integral part of these condensed consolidated financial statements.

GAN LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2025	2024
Revenue	$ 29,366	$ 30,651
Operating costs and expenses		
Cost of revenue [1]	10,709	9,323
Sales and marketing	5,916	6,017
Product and technology	7,866	9,616
General and administrative [1]	7,913	7,159
Depreciation and amortization	2,013	1,839
Total operating costs and expenses	34,417	33,954
Operating loss	(5,051)	(3,303)
Interest expenses, net	1,212	1,132
Other income, net	—	(26)
Loss before income taxes	(6,263)	(4,409)
Income tax expense (benefit)	565	(249)
Net loss	$ (6,828)	$ (4,160)
Loss per share, basic and diluted	$ (0.15)	$ (0.09)
Weighted average ordinary shares outstanding, basic and diluted	45,791,271	45,134,267

(1) Excludes depreciation and amortization expense.

The accompanying notes are an integral part of these condensed consolidated financial statements.

GAN LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(in thousands)

	Three Months Ended March 31,	
	2025	**2024**
Net loss	$ (6,828)	$ (4,160)
Other comprehensive loss, net of tax		
Foreign currency translation adjustments	1,050	(767)
Comprehensive loss	$ (5,778)	$ (4,927)

The accompanying notes are an integral part of these condensed consolidated financial statements.

GAN LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT) EQUITY (UNAUDITED)
(in thousands, except share amounts)

	Ordinary Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' (Deficit) Equity
	Shares	Amount				
Balance at January 1, 2025	45,701,556	$ 457	$ 339,720	$ (317,264)	$ (34,054)	$ (11,141)
Net loss	—	—	—	(6,828)	—	(6,828)
Foreign currency translation adjustments	—	—	—	—	1,050	1,050
Share-based compensation	—	—	792	—	—	792
Restricted share activity	565,676	6	(6)	—	—	—
Issuance of ordinary shares upon exercise of share options	80,761	1	—	—	—	1
Repurchase of restricted shares to pay tax liability (Note 7)	(194,628)	(2)	(348)	—	—	(350)
Balance at March 31, 2025	46,153,365	$ 462	$ 340,158	$ (324,092)	$ (33,004)	$ (16,476)

	Ordinary Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' (Deficit) Equity
	Shares	Amount				
Balance at January 1, 2024	45,071,578	$ 451	$ 336,552	$ (309,305)	$ (32,302)	$ (4,604)
Net income	—	—	—	(4,160)	—	(4,160)
Foreign currency translation adjustments	—	—	—	—	(767)	(767)
Share-based compensation	—	—	840	—	—	840
Restricted share activity	476,419	4	(5)	—	—	(1)
Issuance of ordinary shares upon exercise of share options	5,778	—	—	—	—	—
Repurchase of restricted shares to pay tax liability (Note 7)	(167,833)	(2)	(229)	—	—	(230)
Balance at March 31, 2024	45,385,942	$ 454	$ 337,158	$ (313,465)	$ (33,069)	$ (8,922)

The accompanying notes are an integral part of these condensed consolidated financial statements.

GAN LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Three Months Ended March 31,	
	2025	**2024**
Cash Flows From Operating Activities		
Net loss	$ (6,828)	$ (4,160)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization of software and intangible assets	1,691	1,422
Depreciation on property and equipment and finance lease right-of-use assets	322	417
Non-cash interest and amortization of debt discount and debt issuance costs	1,217	1,143
Share-based compensation expense	791	851
Credit reserve for PSP funds	734	—
Deferred income tax	447	(340)
Other	(60)	(100)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	2,983	431
Prepaid expenses	(1,534)	(513)
Other current assets	666	625
Other assets	234	221
Accounts payable	(15)	(191)
Accrued compensation and benefits	349	(432)
Accrued content license fees	71	(539)
Liabilities to users	45	207
Other current liabilities	114	(473)
Other liabilities	(13)	1,151
Net cash provided by (used in) operating activities	1,214	(280)
Cash Flows From Investing Activities		
Expenditures for capitalized software development costs	(697)	(460)
Purchases of gaming licenses	—	(216)
Purchases of property and equipment	(129)	(51)
Net cash used in investing activities	(826)	(727)
Cash Flows From Financing Activities		
Repurchase of restricted shares to pay tax liability	—	3
Net cash provided by financing activities	—	3
Effect of foreign exchange rates on cash	812	(982)
Net increase (decrease) in cash and cash equivalents	1,200	(1,986)
Cash and cash equivalents, beginning of period	38,742	38,578
Cash and cash equivalents, end of period	$ 39,942	$ 36,592
Supplemental Cash Flow Information		
Cash proceeds, net for:		
Income taxes	46	183

The accompanying notes are an integral part of these condensed consolidated financial statements.

GAN LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(in thousands, except share and per share amounts)

NOTE 1 — NATURE OF OPERATIONS

GAN Limited (the "Parent," and with its subsidiaries, collectively the "Company") is an exempted company limited by shares, incorporated and registered in Bermuda.

The Company is a business-to-business ("B2B") supplier of a proprietary gaming system, GameSTACK™ ("GameSTACK"), which is used predominately by the U.S. land-based casino industry. For its B2B customers, GameSTACK is a turnkey technology solution for regulated real money internet gambling ("real money iGaming" or "RMiG"), online sports gaming, and virtual simulated gaming ("SIM"). In addition, the Company's B2B segment offers GAN Sports, an in-house online and retail sports betting technology platform, through internet connected self-service kiosks deployed at casino properties and mobile solutions. The Company is also a business-to-consumer ("B2C") developer and operator of an online sports betting and casino platform under its "Coolbet" brand, providing international users with access through www.coolbet.com to its sportsbook, casino games and poker products. The Company operates its B2C segment in markets across Northern Europe, Latin America, and Canada.

On November 7, 2023, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with SEGA SAMMY CREATION INC., a Japanese corporation ("SEGA SAMMY CREATION"), and Arc Bermuda Limited, a Bermuda exempted company limited by shares and a wholly-owned subsidiary of SEGA SAMMY CREATION ("Merger Sub"), pursuant to which, subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub will be merged with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of SEGA SAMMY CREATION (the "Merger"). SEGA SAMMY CREATION and Merger Sub are affiliates of SEGA SAMMY HOLDINGS, INC.

Pursuant to the Merger Agreement, and upon the terms and subject to the conditions thereof, at the effective time of the Merger, and as a result of the Merger (and without any action on the part of SEGA SAMMY CREATION, Merger Sub, the Company or any holder thereof):

- each of the Company's ordinary shares issued immediately prior to the effective time of the Merger (other than shares held by SEGA SAMMY CREATION or Merger Sub, by the Company as a treasury share or by any person who properly asserts dissenters' rights under Bermuda law) will be converted into the right to receive an amount in cash equal to $1.97 per share, without interest and subject to any applicable tax withholding (the "Merger Consideration");

- each of the Company's outstanding restricted shares (whether vested or unvested) at the time of the Merger will become vested in full and non-forfeitable and will be converted into the right to receive the Merger Consideration;

- each of the Company's outstanding restricted share units (whether vested or unvested) at the effective time of the Merger will become vested in full and will be automatically cancelled in exchange for the right to receive a single lump sum cash payment, without interest and subject to any applicable tax withholding, equal to the product of (a) the Merger Consideration and (b) the number of Company ordinary shares subject to such restricted share unit; and

- each of the Company's outstanding options to acquire the Company ordinary shares (whether vested or unvested) at the effective time of the Merger will become vested in full and will be automatically cancelled in exchange for the right to receive a single lump sum cash payment, without interest and subject to any applicable tax withholding, equal to the product of (a) the excess, if any, of the Merger Consideration over the exercise price per share of the option and (b) the number of Company ordinary shares issuable upon the exercise in full of such option.

Consummation of the Merger is not subject to a financing condition, but is subject to customary closing conditions, including (a) approval by the Company's shareholders of the Merger Agreement, the Merger and the Statutory Merger Agreement, (b) receipt of applicable antitrust and CFIUS approvals or the expiration of applicable waiting periods, (c) absence of any order or injunction prohibiting the consummation of the Merger and (d) the accuracy of the Company's representations and warranties contained in the Merger Agreement (subject to certain customary qualifications) and compliance by the Company with its agreements and covenants contained in the Merger Agreement. The closing of the Merger is also predicated upon receipt of approval of the Merger and change in control of the Company by all relevant gaming authorities. The Company anticipates that this will take some time, and that the closing of the Merger may not occur until the second quarter of 2025. On February 13, 2024, the Company held a special general meeting of the shareholders of the Company to consider and vote upon the Merger Agreement, at which meeting the shareholders approved the Merger Agreement.

The Company has received approval from several gaming regulatory agencies including the Nevada Gaming Commission. The close of the merger remains subject to remaining regulatory requirements and other customary closing conditions and is expected to close in the second quarter of 2025.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the results of the Parent and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and reflect all adjustments, in the opinion of management, of a normal recurring nature that are necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. The financial data and other financial information disclosed in these notes to the condensed consolidated financial statements related to these periods are also unaudited. The results of operations for the three months ended March 31, 2025, are not necessarily indicative of the results that may be expected for the year ended December 31, 2025, or for any future annual or interim period. The condensed consolidated balance sheet as of December 31, 2024, included herein was derived from the audited consolidated financial statements as of that date.

The accompanying unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

GAN LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(in thousands, except share and per share amounts)

Liquidity

The accompanying condensed consolidated financial statements have been prepared on a going concern basis. As of March 31, 2025, the Company had an accumulated deficit of $324.1 million, with cash and cash equivalents of $39.9 million and liabilities to users of $10.3 million. During the three months ended March 31, 2025 and 2024, the Company had a net loss of $6.8 million and $4.2 million, respectively. The Company generated $1.2 million of cash from operations during three months ended March 31, 2025. In April 2022, a subsidiary of the Company entered into a $30.0 million term credit facility with net proceeds of $27.6 million (the "Credit Facility").

On April 13, 2023, a subsidiary of the Company executed agreements to amend the Credit Facility and increase the principal balance from $30.0 million to $42.0 million (forming the "Amended Credit Facility"). The Amended Credit Facility contains a financial covenant, among other covenants, requiring minimum liquidity of $10.0 million. Refer to Note 6 – Debt for further details. The Company was in compliance with all financial covenants associated with its Credit Facility as of March 31, 2025, however given the Company's cash flow and net losses for three months ended March 31, 2025, historical performance, and reasonably estimable near-term future cash flows, it is possible that the Company could violate a financial covenant in the future which could trigger an acceleration of all amounts due and the termination of commitments under the Credit Facility. Additionally, the Company's current financial condition, liquidity resources, and planned near-term cash flows from operations are sensitive to changes in macro-economic conditions, and the substantial variability inherent in the Company's wager-based revenues streams. These factors, when considered together with potential covenant breaches under the Company's Credit Facility indicate uncertainty related to the ability of the Company to meet its current obligations as they come due. We expect to maintain compliance through the maturity date of the Credit Facility.

In accordance with Accounting Standards Codification ("ASC"), 205-40 Going Concern, the Company has evaluated whether there are conditions and events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year of the date the accompany condensed consolidated financial statements are issued. The Company's current financial condition, liquidity resources, and planned near-term cash flows from operations have been and will be negatively affected by the expiration of the Company's U.S., multistate B2B commercial contract with a B2B partner in January 2025. The expiration of the multistate B2B commercial contract will negatively impact the Company's revenue and is an indicator that raises uncertainty related to the ability of the Company to meet its current obligations as they come due. However, the Company has prepared mitigations plans including deferral of hiring, exiting certain negative margin geographies of operations, and reducing headcount to achieve cash flow targets for at least the next year.

In addition, the Company's Amended Credit Facility with SEGA SAMMY HOLDINGS, INC., which is an affiliate entity of SEGA SAMMY CREATION, the announced acquirer of the Company, will mature on April 14, 2026. In the event the merger does not close, an uncertainty will exist related to the Company's ability to settle the credit facility at maturity based on the forecasted cash flows of the Company. As such, substantial doubt exists related to our ability to continue as a going concern. In such a scenario, the Company will seek out additional financing. Failure to obtain additional funding in such circumstances may require the Company to significantly curtail its operations and/or dispose of certain operations or assets. However, no assurance can be provided that additional funding will be available at terms acceptable to the Company, if at all. Substantial doubt based solely on the maturity of the Amended Credit Facility is not considered a breach under the agreement, and as such, the Credit Facility has not been reclassified to current as it is not callable by the lender at March 31, 2025. Accordingly, the maturity date of the Amended Credit Facility raises substantial doubt as to the Company's ability to continue as a going concern beyond April 14, 2026.

The accompanying condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Accordingly, the condensed consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

To the extent that the Company's current resources, including its ability to generate operating cash flows, are insufficient to satisfy its cash requirements, the Company may seek additional equity or debt financing. The Company's ability to do so depends on prevailing economic conditions and other factors, many of which are beyond management's control. The Company does not currently have any such credit facilities or similar debt arrangements in place, outside of the Amended Credit Facility described above, and cannot provide any assurance as to the availability or terms of any additional future financing that it may require to support its operations. If the needed financing is not available, or if the terms of financing are less desirable than expected, the Company may be forced to decrease its level of investment in new products and technologies, discontinue further expansion of the business, or scale back its existing operations, any of which could have an adverse impact on the Company and its financial prospects.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainties involved in making estimates, actual results could differ from the original estimates and may require significant adjustments to these reported balances in future periods.

Foreign Currency Translation and Transactions

The Company's reporting currency is the U.S. Dollar while the Company's foreign subsidiaries use their local currencies as their functional currencies. The assets and liabilities of foreign subsidiaries are translated to U.S. Dollars based on the current exchange rate prevailing at each reporting period. Revenue and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented. Translation adjustments that arise from translating a foreign subsidiary's financial statements from their functional currency to U.S. Dollars are reported as a separate component of accumulated other comprehensive loss in shareholders' equity (deficit).

Gains and losses arising from transactions denominated in a currency other than the functional currency are included in general and administrative expense in the condensed consolidated statements of operations as incurred. Foreign currency transactions and remeasurement gains and losses were a net loss of $394 and $277 for the three months ended March 31, 2025 and 2024, respectively.

GAN LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(in thousands, except share and per share amounts)

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of its cash and trade receivables. The Company holds cash deposits in foreign countries, primarily in Northern Europe and Latin America, of approximately $31.8 million, which are subject to local banking laws and may bear higher or lower risk than cash deposited in the United States. Cash held in the United States is maintained in a major financial institution in excess of federally insured limits. As part of our cash management processes, the Company performs periodic evaluations of the credit standing of the financial institutions and we have not historically sustained any credit losses from instruments held at these financial institutions. However, during the quarter ended September 30, 2024, the Company determined that there was a credit risk with a certain payment service provider ("PSP") servicing the B2C segment which has been classified as other current assets. At March 31, 2025 and December 31, 2024 the amount held with the PSP with credit risk was $0.8 million and $1.5 million, respectively. The company recorded a credit reserve related to the PSP with credit risk of $0.8 million during the three months ended March 31, 2025 that is charged to general and administrative expense. Additionally, the Company maintains an allowance for potential credit losses, but historically has not experienced any significant losses related to individual customers or groups of customers in any particular geographic area.

Risks and Uncertainties

Macroeconomic conditions can materially adversely affect the Company's business, results of operations and financial condition. Recent adverse macroeconomic conditions, including inflation, higher interest rates, slower growth or recession, the strengthening of the U.S. dollar, and corresponding currency fluctuations can have an adverse material impact on the Company's future results of operations, cash flows, and financial condition, particularly with respect to foreign currency adjustments relating to our international operations. Such conditions may also affect consumers' willingness to make discretionary purchases, and therefore the Company, along with its casino operator customers, may experience a decline in wagering. A downturn in the economic environment can also lead to increased credit and collectability risk on the Company's trade receivables, limitations on the Company's ability to issue new debt, and reduced liquidity.

Revenue Recognition

Revenue from B2B Operations

The Company's revenue from its B2B operations are primarily from its internet gaming Software-as-a-Service ("SaaS") platform, GameSTACK, that its customers use to provide RMiG, online sports gaming and SIM services to its end users. The Company enters into contracts with its customers that generally range from three to five years and include renewal provisions. These contracts generally include provision of the internet gaming platform, content consisting of proprietary and third-party games, development services and support and marketing services. In certain cases, the contract may include computer hardware to be procured on behalf of the customer. The customers cannot take possession of the hosted GameSTACK software, and the Company does not sell or license the GameSTACK software.

The Company charges fees as consideration for use of its internet gaming system, game content, support and marketing services based on a fixed percentage of the casino operator's net gaming revenue or net sportsbook win, at the time of settlement of an event for RMiG contracts, considered usage-based fees, or at the time of purchase for in-game virtual credit for SIM contracts. The determination of the fee charged to its customers is negotiated and varies significantly. Certain of these RMiG contracts provide the Company with a minimum monthly revenue guarantee in relation to the Company's share of the casino operator's net gaming revenue or net sportsbook win. At March 31, 2025 the remaining unsatisfied performance obligations related to fixed minimum guaranteed revenue totaled $42.3 million, of which the Company expects to satisfy $28.3 million within the next five-year period, and the remaining over a ten-year period.

The Company's promise to provide the RMiG SaaS platform and content licensing services on the hosted software is a single performance obligation. This performance obligation is recognized over time, as the Company provides services to its customers in its delivery of services to the player end user. The Company's customers simultaneously receive and consume the benefits provided by the Company as it delivers services to its customers. Usage based fees are considered variable consideration as the service is to provide unlimited continuous access to its hosted application and usage of the hosted system is primarily controlled by the player end user. The transaction price includes fixed and variable consideration and is billed monthly with the amount due generally thirty days from the date of the invoice. Variable consideration is allocated entirely to the period in which consideration is earned as the variable amounts relate specifically to the customer's usage of the platform that day and allocating the usage-based fees to each day is consistent with the allocation objective, primarily that the change in amounts reflect the changing value to the customer. The Company's internet gaming system, game content, support and marketing services are provided equally throughout the term of the contract. These services are made up of a daily requirement to provide access and use of the internet gaming system and optional support and marketing services to the customer over the same period of time. The series of distinct services represents a single performance obligation that is satisfied over time.

Purchases of virtual credits within a transaction period on the SIM platform, generally a monthly convention, are earned over time, and are typically billed monthly upon the close of the respective period as the credit has no monetary value, cannot be redeemed, exchanged, transferred or withdrawn, represents solely a device for tracking game play during the month, does not obligate the Company to provide future services and the arrangements with the customer and player end user have no substantive termination penalty. In certain service agreements with its SIM customers, the fees collected by the Company from third-party payment processors for the purchases of in-game virtual credits made by end-users include the SIM customer's portion. The Company records the SIM customer's portion as a liability as cash is collected and remits payment to the SIM customer for their share of the SIM revenues monthly. At March 31, 2025 and December 31, 2024, the Company recorded a liability due to its customers for their share of the fees of $2,843 and $2,854, respectively, within other current liabilities in the condensed consolidated balance sheets.

GAN LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(in thousands, except share and per share amounts)

The Company uses third-party content providers in supplying game content in its performance of providing game content on its platform to its customers. A customer has access to the Company's propriety and licensed game content and additionally, the customer can direct the Company to procure third-party game content on its behalf. The Company has determined it acts as the principal for providing the game content when the Company controls the game content, and therefore presents the revenue on a gross basis in the condensed consolidated statements of operations. When the customer directs the Company to procure third-party game content, the Company determined it is deemed an agent for providing such game content, and therefore, records the revenue, net of the costs of content license fees, in the condensed consolidated statements of operations.

The Company also provides ongoing development services involving updates to the RMiG platforms for enhanced functionality or customization. Ongoing development services are typically billed monthly, at a daily rate, for services performed. Revenue from RMiG platform development services that are identified as distinct performance obligations and enhance or create an asset the customer controls as the Company performs the services are recognized over time as services are performed. This revenue is measured using an input method based on effort expended, which uses direct labor hours incurred. These services have primarily related to post-launch development of third-party application integration software in the customer's environment. Separately, the revenue generated from customers for development services that are distinct performance obligations and the customer benefits from the integrated SaaS offering are deferred over the license service term. These services have primarily related to enhancements to the Company's platforms that do not enhance or create an asset the customer controls. In customer contracts that require a portion of the consideration to be received in advance or at the commencement of the contract, such amounts are recorded as a contract liability.

Other services include the resale of third-party computer hardware, such as servers and other related hardware devices, upon which the GameSTACK software is installed for its customers. These products are not required to be purchased to access the GameSTACK platform but are sold as a convenience to the customer. The Company procures the computer hardware on the customer's behalf for a fee determined based on the cost of the computer hardware plus a markup. The Company charges a hardware deployment fee which is a one-time fee for installation, testing and certification of the computer hardware at the gaming hosting facility. Revenue is recognized at the point in time when control of the hardware transfers to the customer. Control is transferred after the hardware has been procured, delivered, installed at the customer's premises and configured to allow for remote access.

The Company has determined that it is acting as the principal in providing computer hardware and related services as it assumes responsibility for procuring, delivering, installing and configuring the hardware at the customer's location and takes control of the hardware, prior to transfer. Revenue is presented at the gross amount of consideration to which it is entitled from the customer in exchange for the computer hardware and related services.

Contracts with Multiple Performance Obligations

For customer contracts that have more than one performance obligation, the transaction price is allocated to the performance obligations in an amount that depicts the relative stand-alone selling prices of each performance obligation. Judgment is required in determining the stand-alone selling price for each performance obligation. In determining the allocation of the transaction price, an entity is required to maximize the use of observable inputs. When the stand-alone selling price of a good or service is not directly observable, an entity is required to estimate the stand-alone selling price. Contracts with its customers may include platform and licensing of game content services, as well as development services and computer hardware services. The variable consideration generated from the platform and the licensing of game content is allocated entirely to the performance obligations for platform and licensing of game content services and the remaining fixed fees for development services and computer hardware would be allocated to each of the remaining performance obligation based on their relative stand-alone selling prices. The variable consideration relates entirely to the effort to satisfy the platform and licensing game content services and the fixed consideration relates to the remaining performance obligations which is consistent with the allocation objective.

Revenue from B2C Gaming Operations

The Company operates the B2C gaming site www.coolbet.com outside of the U.S., which contains proprietary software and includes the following product offerings: sportsbook, poker, casino, live casino and virtual sports.

The Company manages an online sportsbook allowing users to place various types of wagers on the outcome of sporting events conducted around the world. The Company operates as the bookmaker and offers fixed odds wagering on such events. When a user's wager wins, the Company pays the user a pre-determined amount known as fixed odds. Revenue from online sportsbook is reported net after deduction of player winnings and bonuses. Revenue from wagers is recognized when the outcome of the event is known.

The Company offers live casino through its digital online casino offering in select markets, allowing users to place a wager and play games virtually at retail casinos. The Company offers users a catalog of over 8,800 third-party iGaming products such as digital slot machines and table games such as blackjack and roulette. Revenue from casino games is reported net after deduction of winnings, jackpot contribution and customer bonuses.

Peer-to-peer poker offerings allow users to play poker against one another on the Company's online poker platform for prize money. Revenue is recognized as a percentage of the reported rake. Additionally, the Company offers tournament poker which allows users to buy-in for a fixed price for prize money. For tournament play, revenue is recognized for the difference between the entry fees collected and the amounts paid out to users as prizes and winnings.

In each of the online gaming products, a single performance obligation exists at the time a wager is made to operate the games and award prizes or payouts to users based on a particular outcome. Revenue is recognized at the conclusion of each contest, wager, or wagering game hand. Additionally, certain incentives given to users, for example, that allow the user to make an additional wager at a reduced price, may provide the user with a material right which gives rise to a separate performance obligation.

The Company allocates a portion of the user's wager to incentives that create material rights that are redeemed or expired in the future. The allocated revenue for gaming wagers is primarily recognized when the wagers occur because all such wagers settle immediately.

The Company applies a practical expedient by accounting for revenue from gaming on a portfolio basis because such wagers have similar characteristics, and the Company reasonably expects the effects on the financial statements of applying the revenue recognition guidance to the portfolio to not differ materially from that which would result if applying the guidance to an individual wagering contract.

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Cost of Revenue

Cost of revenue consists primarily of variable costs. These include mainly (i) content license fees, (ii) payment processing fees and chargebacks, (iii) platform technology, software, and connectivity costs directly associated with revenue generating activities, (iv) gaming duties, and (v) sportsbook feed / provider services. The Company incurs payment processing fees on B2C user deposits, withdrawals, and deposit reversals from payment processors. Cost of revenue excludes depreciation of the servers on which the Company's gaming platforms reside as well as amortization of intangible assets including internally developed software.

Sales and Marketing

Sales and marketing expenses consist primarily of general marketing and advertising costs, B2C user acquisition expenses and personnel costs within our sales and marketing functions. Sales and marketing costs are expensed as incurred.

Product and Technology

Product and technology expenses consist primarily of personnel costs associated with development and maintenance activities that are not capitalized. These costs primarily represent employee expenses (including but not limited to, salaries, bonus, employee benefits, employer tax expenses, and share-based compensation) for personnel and contractors involved in the design, development, and project management of our proprietary technologies as well as developed and licensed content.

General and Administrative

General and administrative expenses consist of costs, including gaming operations costs, not related to sales and marketing, product and technology or revenue. General and administrative costs include professional services (including legal, regulatory and compliance, audit, and consulting expenses), rent contingencies, insurance, allowance for credit losses, foreign currency transaction gains and losses, and costs related to the compensation of executive and non-executive personnel, including share-based compensation.

Content Licensing Fees

Content licensing fees are paid to third parties for gaming content which are expensed as incurred. Content licensing fees are calculated as a percentage of net gaming revenues in respect of the third-party games, as stipulated in the third-party agreements.

Share-based Compensation

Share-based compensation expense is recognized for share options and restricted shares issued to employees and non-employee members of the Company's Board of Directors. The Company's issued share options and restricted shares, which are primarily considered equity awards and include only service conditions, are valued based on the fair value of these awards on the date of grant. The fair value of the share options is estimated using a Black-Scholes option pricing model and the fair value of the restricted shares (restricted share awards and restricted share units) is based on the market price of the Company's shares on the date of grant.

Certain restricted share unit awards issued to non-employee members of the Company's Board of Directors permit shares upon vesting to be withheld, as a means of meeting the non-employee director's tax withholding requirements and paid in cash to the non-employee director. The Company additionally incurs share-based compensation expense under compensation arrangements with certain of its employees under which the Company will settle bonuses for a fixed dollar amount by issuing a variable number of shares based on the Company's share price on the settlement date. These awards are classified as liability-based awards which are measured based on the fair value of the award at the end of each reporting period until settled. Related compensation expense is recognized based on changes to the fair value over the applicable service period.

Share-based compensation is recorded over the requisite service period, generally defined as the vesting period. For awards with graded vesting and only service conditions, compensation cost is recorded on a straight-line basis over the requisite service period of the entire award. Forfeitures are recorded in the period in which they occur.

Loss Per Share, Basic and Diluted

Basic loss per share is calculated by dividing the net loss by the weighted average number of ordinary shares outstanding during the year. In periods of loss, basic and diluted per share information are the same.

Cash and cash equivalents

Cash and cash equivalents is comprised of cash held at banks and third-party service providers ("PSPs"). Certain PSPs require rolling reserves on daily cash deposits that have varying short term durations, not exceeding six months, which are generally available to satisfy potential chargebacks. These balances are included within cash and cash equivalents on the accompanying condensed consolidated balance sheets. At March 31, 2025 and December 31, 2024, the rolling reserve balances were $4.6 million and $4.2 million, respectively.

The Company is required to maintain compensating cash balances to satisfy its liabilities to users. Such balances are included within cash and cash

equivalents in the condensed consolidated balance sheets and are not subject to creditor claims. At March 31, 2025 and December 31, 2024, the related liabilities to users were $10.3 million and $9.9 million, respectively.

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Capitalized Software Development Costs, net

The Company capitalizes certain development costs related to its internet gaming platforms during the application development stage. Costs associated with preliminary project activities, training, maintenance and all other post implementation stage activities are expensed as incurred. Software development costs are capitalized when application development begins, it is probable that the project will be completed, and the software will be used as intended. The Company capitalizes certain costs related to specific upgrades and enhancements when it is probable that expenditures will result in additional functionality of the platform to its customers. The capitalization policy provides for the capitalization of certain payroll and payroll related costs for employees who spent time directly associated with development and enhancements of the platform.

Capitalized software development costs are amortized on a straight-line basis over their estimated useful lives, which generally ranges from three to five years, and are included within depreciation and amortization expense in the condensed consolidated statements of operations.

Long-lived Assets

Long-lived assets, consist of property and equipment, and finite lived acquired intangible assets, such as developed software, gaming licenses, trademarks, trade names and customer relationships. Intangible assets are amortized on a straight-line basis over their estimated useful lives. The Company considers the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting the estimated useful lives.

Gaming licenses include license applications fees and market access payments in connection with agreements that the Company enters with strategic partners. The market access arrangements authorize the Company to offer online gaming and online sports betting in certain regulated markets. These costs are capitalized and amortized on a straight-line basis over their estimated useful lives, beginning with the commencement of operations.

The fair value of acquired intangible assets are primarily determined using the income approach. In performing these valuations, the Company's key underlying assumptions used in the discounted cash flows were projected revenue, gross margin expectations and operating cost estimates. There are inherent uncertainties and management judgment is required in these valuations.

Long-lived assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Company compares the undiscounted cash flows expected to be generated by that asset or asset group to their carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment charge is recognized to the extent that the carrying amount exceeds fair value. Fair value is determined through various techniques, such as discounted cash flow models using probability weighted estimated future cash flows and the use of valuation specialists. During the three months ended March 31, 2025, there was no triggering event that would cause the Company to believe the value of its long-lived assets should be impaired.

Liabilities to Users

The Company records liabilities for user account balances. User account balances consist of user deposits, promotional awards and user winnings less user withdrawals and user losses.

Legal Contingencies and Litigation Accruals

On a quarterly basis, the Company assesses potential losses in relation to pending or threatened legal matters. If a loss is considered probable and the amount can be reasonably estimated, the Company recognizes an expense for the estimated loss. Estimates of any such loss are subjective in nature and require the evaluation of numerous facts and assumptions as to future events, including the application of legal precedent which may be conflicting. To the extent these estimates are more or less than the actual liability resulting from the resolution of these matters, the Company's financial results will increase or decrease accordingly. Legal costs associated with loss contingencies are expensed as incurred.

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Debt

Debt issuance costs incurred in connection with the issuance of new debt are recorded as a reduction to the long-term debt balance on the condensed consolidated balance sheets and amortized over the term of the loan commitment as interest expense in the accompanying condensed consolidated statements of operations. The Company calculates amortization expense on capitalized debt issuance costs using the effective interest method in accordance with Accounting Standards Codification ("ASC") 470, Debt.

Leases

The Company determines if an arrangement is a lease and classifies as operating or finance lease at the lease commencement date. A lease is defined as a contract, or part of a contract, that conveys the right to control the use of an asset for a time period in exchange for consideration. In accordance with ASC 842, Leases, the Company recognizes for all leases, except short-term leases, at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use ("ROU") asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The Company accounts for the lease and non-lease components of its leases as a single lease component. Operating leases are included in operating lease ROU assets and operating lease liabilities, current and noncurrent, on the condensed consolidated balance sheets. Lease expense is recognized on a straight-line basis based on the total contractually required lease payments, over the term of the lease.

Fair Value of Financial Instruments

The Company applies the provisions of ASC 820, Fair Value Measurements and Disclosures, which provides a single authoritative definition of fair value, sets out a framework for measuring fair value and expands on required disclosures about fair value measurement. Fair value represents the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company uses the following hierarchy in measuring the fair value of the Company's assets and liabilities, focusing on the most observable inputs when available:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active for identical or similar assets and liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Valuations are based on the inputs that are unobservable and significant to the overall fair value measurement of the assets or liabilities. Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company does not hold any significant Level 2 financial instruments. Level 3 financial instruments held by the Company include synthetic equity liability due to a customer. See Note 14 — Commitments and Contingencies for further detail. The instrument includes Level 3 inputs related to the contractual forecasts, in addition to observable inputs such as the stock volatility of the company, which are utilized in the Company's Monte Carlo valuation. The valuation is not sensitive to significant movements in the forecast.

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Income Taxes

The Company is subject to income taxes in the United States, U.K., Bulgaria, Israel, Canada, Estonia, Malta, Mexico, and Peru. The Company records an income tax expense for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as for loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. The effect on deferred income tax of a change in tax rates are recorded in the period of the enactment. Deferred tax assets are reduced, through a valuation allowance, if necessary, by the amount of such benefits that are not expected to be realized based on current available evidence. In evaluating the Company's ability to recover deferred tax assets in the jurisdiction from which they arise, all available positive and negative evidence is considered, including results of recent operations, scheduled reversals of deferred tax liabilities, projected future taxable income, and tax-planning strategies. The Company records a valuation allowance to reduce its deferred tax assets to the net amount that it believes is more likely than not to be realized.

The Company recognizes tax benefits from uncertain tax positions only if management believes that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. Although the Company believes that it has adequately provided for uncertain tax positions, no assurance can be given that the final tax outcome of these matters would not be materially different. Adjustments are made when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences would affect the provision for income taxes in the period in which such determination is made and could have a material impact on the Company's financial condition and operating results. The Company recognizes penalties and interest related to income tax matters in income tax expense.

Segments

The Company operates in two operating segments, B2B and B2C. Operating segments are defined as components of an enterprise where separate financial information is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and assess the Company's performance. The Company's CODM is the Chief Executive Officer. The CODM allocates resources and assesses performance based upon discrete financial information at the operating segment level.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvement to Income Tax Disclosures*. The amendments in this update expand disclosures in an entity's income tax rate reconciliation table and regarding cash taxes paid information. The update will be effective for annual periods beginning after December 15, 2024 and is applicable to our Annual Report on Form 10-K for the fiscal year December 31, 2025, with early application permitted. We are currently assessing the effect of this update on our annual consolidated financial statements and disclosures.

In November 2024, the FASB Issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The amendments in this update require disclosures, in the notes to financial statements, of specified information about certain costs and expenses. The amendment clarifies which certain costs and expenses that are included in cost of sales and selling, general, and administrative expense categories that should be disclosed with qualitative descriptions of amounts that are not separately disaggregated quantitatively. Additionally, the amendment requires disclosure of total amounts of selling expenses and an entity's definition of selling expense. The update will be effective for annual periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, with early adoption permitted. This ASU is applicable to our Annual Report on Form 10-K for the fiscal year ended December 31, 2027, and subsequent interim periods. We are currently assessing the effect of this update on our consolidated financial statements and disclosures.

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NOTE 3 — PROPERTY AND EQUIPMENT, NET

Property and equipment, net is recorded in other assets in the condensed consolidated balance sheets at March 31, 2025 and December 31, 2024 and consisted of the following:

	Estimated Useful Life (in years)	March 31, 2025	December 31, 2024
Fixtures, fittings and equipment	3 - 5	$ 4,573	$ 4,323
Platform hardware	5	1,584	1,817
Total property and equipment, cost		6,157	6,140
Less: accumulated depreciation		(3,245)	(3,111)
Total		$ 2,912	$ 3,029

Depreciation expense related to property and equipment was $322 and $418 for the three months ended March 31, 2025 and 2024, respectively.

NOTE 4 — CAPITALIZED SOFTWARE DEVELOPMENT COSTS, NET

Capitalized software development costs, net at March 31, 2025 and December 31, 2024 consisted of the following:

	March 31, 2025	December 31, 2024
Capitalized software development costs	$ 13,431	$ 12,456
Development in progress	619	357
Total capitalized software development, cost	14,050	12,813
Less: accumulated amortization	(6,345)	(5,383)
Total	$ 7,705	$ 7,430

At March 31, 2025, development in progress primarily represents costs associated with GAN Sports, costs associated with its newer GameSTACK technology, and enhancements to the Company's proprietary B2C software platform.

Amortization expense related to capitalized software development costs was $723 and $643 for the three months ended March 31, 2025 and 2024, respectively.

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NOTE 5 — INTANGIBLE ASSETS, NET

Intangible Assets

Definite-lived intangible assets, net consisted of the following:

	Weighted Average Amortization Period (in years)	March 31, 2025		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	5.0	$ 33,932	$ (30,044)	$ 3,888
Customer relationships	2.5	6,863	(6,546)	317
Trade names and trademarks	10.0	5,443	(2,717)	2,726
Gaming licenses	5.7	3,828	(2,631)	1,197
		$ 50,066	$ (41,938)	$ 8,128

	Weighted Average Amortization Period (in years)	December 31, 2024		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	5.0	$ 32,605	$ (28,497)	$ 4,108
Customer relationships	3.3	6,659	(6,025)	634
Trade names and trademarks	10.0	5,233	(2,438)	2,795
Gaming licenses	5.5	3,758	(2,470)	1,288
		$ 48,255	$ (39,430)	$ 8,825

Amortization expense related to intangible assets was $968 and $780 for the three months ended March 31, 2025 and 2024, respectively.

Estimated amortization expense for the next five years is as follows:

	Amount
Remainder of 2025	$ 2,360
2026	2,629
2027	2,161
2028	955
2029	23
Total	$ 8,128

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NOTE 6 — DEBT

Credit Facility

On April 26, 2022, a subsidiary of the Company entered into the Credit Facility which provides for $30.0 million in aggregate principal amount of secured term loans with a floating interest rate of 3-month SOFR (subject to a 1% floor) + 9.5%. The Credit Facility had a maturity date of October 26, 2026, and was fully guaranteed by the Company. There were no scheduled principal payments due under the Credit Facility until maturity. Interest payments were payable in arrears in the last business day of each calendar quarter and at the maturity date.

The Company incurred $2.4 million in debt issuance costs during the year ended December 31, 2022 in connection with the Credit Facility, which was recorded as a direct reduction against the debt and amortized over the life of the associated debt as a component of interest expense using the effective interest method. The net funds received from the Credit Facility, after deducting debt issuance costs, was $27.6 million. On April 13, 2023, the Credit Facility was extinguished in connection with executing the Amended Credit Facility with a new lender.

Subsequent Amendments

On April 13, 2023, a subsidiary of the Company executed agreements to amend the Credit Facility to waive all events of default, amend certain financial covenants, assign the rights to the Credit Facility from its existing lender to a third party, and increase the principal balance from $30.0 million to $42.0 million with accrued paid in-kind (“PIK”) interest of 8.0% per year (together, forming the “Amended Credit Facility”). The Amended Credit Facility became effective upon cash settlement of payments completed on April 14, 2023, and represented a cure of any events of default under the Credit Facility and thereby prevent any amounts from becoming due and payable under the Credit Facility’s subjective acceleration clause.

The Amended Credit Facility matures on the third anniversary of its effective date and is fully guaranteed by the Company. There are no scheduled principal payments due under the Amended Credit Facility until maturity. The principal balance, accrued PIK interest, and an exit fee of 2.5% are due at maturity. The Amended Credit Facility stipulates that outstanding amounts will mature and be due and payable on the third anniversary of its effective date, or in the event of a change in control transaction. The Company incurred $3.1 million in debt issuance costs in connection with the Amended Credit Facility. The Amended Credit Facility contains customary negative covenants, a financial covenant requiring minimum liquidity of $10.0 million, as well as other financial covenants to be tested solely in the event the Company raises junior debt during the term of the Amended Credit Facility.

Debt Covenants

The Credit Facility contained affirmative and negative covenants, including certain financial covenants associated with the Company’s financial results. The negative covenants included restrictions regarding the incurrence of liens and indebtedness, certain merger and acquisition transactions, asset sales and other dispositions, other investments, dividends, share purchases and payments affecting subsidiaries, changes in nature of business, fiscal year or organizational documents, transactions with affiliates, and other matters.

The Credit Facility contained customary events of default, including, among others: non-payments of principal and interest; breach of representations and warranties; covenant defaults; the existence of bankruptcy or insolvency proceedings; certain events under ERISA; gaming license revocations in material jurisdictions; material judgments; and a change of control. If an event of default occurred and was not cured within any applicable grace period or was not waived, the administrative agent and the lender were entitled to take various actions, including, without limitation, the acceleration of all amounts due and the termination of commitments under the Credit Facility.

Substantial doubt based solely on the maturity of the Amended Credit Facility is not considered a breach under the agreement, and as such, the Credit Facility has not been reclassified to current as it is not callable by the lender at March 31, 2025.

The carrying values of the Company’s long-term debt consist of the following:

	Effective Interest Rate	As of March 31, 2025
Credit Facility		
Principal	10.22%	$ 49,258
Less unamortized debt issuance costs		(1,166)
Long-term debt, net		$ 48,092

The Company incurred $1,217 and $1,143 of interest expense, of which $264 and $247 relates to the amortization of debt issuance costs, during the three months ended March 31, 2025 and 2024, respectively, and are recorded within interest expenses, net on the condensed consolidated statements of operations.

NOTE 7 — SHARE-BASED COMPENSATION

In April 2020, the Board of Directors established the GAN Limited 2020 Equity Incentive Plan ("2020 Plan") which has been approved by the Company's shareholders. The 2020 Plan initially provides for grants of up to 4,400,000 ordinary shares, which then increases through 2029, by the lesser of 4% of the previous year's total outstanding ordinary shares on December 31st or as determined by the Board of Directors, for ordinary shares, incentive share options, nonqualified share options, share appreciation rights, restricted share grants, share units, and other equity awards for issuance to employees, consultants or non-employee directors. At March 31, 2025, the 2020 Plan provided for grants of up to 12,903,190 ordinary shares and there were 2,880,225 ordinary shares available for future issuance under the 2020 Plan.

Share Options

A summary of the share option activity as of and for the three months ended March 31, 2025 is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2024	2,317,561	$ 5.60	5.80	$ 2,125
Granted	—	—		
Exercised	(80,761)	0.01		
Forfeited/expired or cancelled	(4,641)	9.64		
Outstanding at March 31, 2025	2,232,159	$ 5.79	5.52	$ 1,921
Options exercisable at March 31, 2025	1,780,738	$ 7.12	4.89	$ 1,148

The Company recorded share-based compensation expense related to share options of $339 and $416 for the three months ended March 31, 2025 and 2024, respectively. Share-based compensation expense was recorded net of capitalized software development costs of $18 for three months ended March 31, 2024. At March 31, 2025, there was a total unrecognized compensation cost of $1,033 related to non-vested share options. The unrecognized compensation cost is expected to be recognized over a weighted-average period of 0.94 years.

Share option awards generally vest 25% after one year and then monthly over the next 36 months thereafter and have a maximum term of ten years. During the three months ended March 31, 2025, the Board of Directors did not approve the issuance of options to purchase ordinary shares to employees under the 2020 Plan. Historically, the value of these options are based on the market value of the Company's ordinary shares at the date of the grant. As such options are historically in-the-money, the Company determined that utilizing an option pricing model to estimate the fair value of these options was not necessary. The weighted average grant date fair value of options granted was $1.70 for the three months ended March 31, 2024.

Historically, for options granted, the fair value of each share option award is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted above. Estimating the grant date fair values for employee share options requires management to make assumptions regarding expected volatility of the value of those underlying shares, the risk-free rate of the expected life of the share options and the date on which share-based compensation is expected to be settled. Expected volatility is determined by reference to volatility of certain identified peer group share trading information and share prices on the Nasdaq stock exchange. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected term of the options is based on historical data and represents the period of time that options granted are expected to be outstanding. For the three months ended March 31, 2024, volatility, term, and risk-free interest rate were not meaningful inputs as all outstanding options were $0.01 per share for the Company's European based employees.

Restricted Share Units

Restricted share units are issued to non-employee directors and employees. For equity-classified restricted share units, the fair value of restricted share units is valued based on fair market value of the Company's ordinary shares on the date of grant and is amortized on a straight-line basis over the vesting period.

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During the first quarter of 2025, there were no issuances of restricted share units to its non-employee directors or employees.

The Company withholds a portion of the restricted share units granted to its officers and non-employee directors upon vesting in order to remit a cash payment to the officers and directors equal to their tax expense. The liabilities are recorded in accrued compensation and benefits in the condensed consolidated balance sheets. During the three months ended March 31, 2025, 214,795 restricted share units held by the Company's officers and non-employee directors vested and the Company repurchased 74,533 of the shares to cover the tax expense incurred by the officers and non-employee directors.

The Company recorded share-based compensation expense related to restricted share units of $452 and $435 for the three months ended March 31, 2025 and 2024, respectively. At March 31, 2025, there was a total unrecognized compensation cost of unrecognized compensation cost of $2,437 related to non-vested restricted share units. The unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.93 years.

A summary of the restricted share unit activity as of and for the three months ended March 31, 2025 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2024	1,877,109	$ 2.16
Granted	—	—
Vested	(565,676)	2.39
Forfeited/expired or cancelled	(4,807)	2.07
Outstanding at March 31, 2025	1,306,626	$ 2.07

GAN LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(in thousands, except share and per share amounts)

NOTE 8 — DEFINED CONTRIBUTION PLANS

U.S. employees and non-U.S. employees are eligible to participate in defined contribution plans by contributing a portion of their compensation, which provides for certain matching contributions by the Company. Matching contributions for the U.S. defined contribution plan are 50% of up to 4% of an employee's salary contribution. Most often, non-U.S. matching contributions are statutory amounts required by law. The Company's contributions to the retirement plans were $138 and $183 for the three months ended March 31, 2025 and 2024, respectively.

NOTE 9 — LOSS PER SHARE

Loss per ordinary share, basic and diluted, is computed by dividing net loss by weighted average number of ordinary shares outstanding during the period. Potentially dilutive securities consisting of certain share options, nonvested restricted shares and share units were excluded from the computation of diluted weighted average ordinary shares outstanding as inclusion would be anti-dilutive, are summarized as follows:

	Three Months Ended March 31,	
	2025	2024
Share options outstanding	2,232,159	2,496,936
Restricted share units	1,306,626	1,700,872
Total	3,538,785	4,197,808

NOTE 10 — REVENUE

The following table reflects revenue recognized for the three months ended March 31, 2025 and 2024 in line with the timing of transfer of services:

	Three Months Ended March 31,	
	2025	2024
Revenue from services delivered at a point in time	$ 24,279	$ 18,304
Revenue from services delivered over time	5,087	12,347
Total	$ 29,366	$ 30,651

Contract and Contract-Related Liabilities

The Company has four types of liabilities related to contracts with customers: (i) cash consideration received in advance from customers related to development services not yet performed or hardware deliveries not yet completed, (ii) incentive program obligations, which represents the deferred allocation of revenue relating to incentives in the online gaming operations, (iii) user balances, which are funds deposited by customers before gaming play occurs and (iv) unpaid winnings and wagers contributed to jackpots. Contract-related liabilities are expected to be recognized as revenue within one year of being purchased, earned or deposited. Such liabilities are recorded in liabilities to users and other current liabilities in the condensed consolidated balance sheets.

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The following table reflects contract liabilities arising from cash consideration received in advance from customers for the periods presented:

	Three Months Ended March 31,	
	2025	2024
Contract liabilities from advance customer payments, beginning of the period	$ 5,044	$ 7,873
Contract liabilities from advance customer payments, end of the period [(1)]	4,921	9,000
Revenue recognized from amounts included in contract liabilities from advance customer payments at the beginning of the period	122	798

(1) Contract liabilities from advance customer payments, end of period consisted of $1,903 and $3,325 recorded in other current liabilities in the condensed consolidated balance sheets at March 31, 2025 and 2024, respectively, and $3,018 and $5,675 recorded in other liabilities in the condensed consolidated balance sheet at March 31, 2025 and 2024, respectively.

NOTE 11 — SEGMENT REPORTING

The Company's reportable segments are B2B and B2C. The B2B segment develops, markets and sells instances of GameSTACK, GAN Sports, and iSight Back Office technology that incorporates comprehensive player registration, account funding and back-office accounting and management tools that enable the casino operators to efficiently, confidently and effectively extend their presence online in places that have permitted online real money gaming. The B2C segment, which includes the operations of Coolbet, develops and operates a B2C online sports betting and casino platform that is accessible through its website in markets across Northern Europe, Latin America and Canada.

Information reported to the Company's Chief Executive Officer, the CODM, for the purpose of resource allocation and assessment of the Company's segmental performance is primarily focused on the origination of the revenue streams. The CODM evaluates performance and allocates resources based on the segment's revenue and contribution. Segment contribution represents the amounts earned by each segment without allocation of each segment's share of depreciation and amortization expense, sales and marketing expense, product and technology expense, general and administrative expense, interest costs and income taxes.

Summarized financial information by reportable segments for the three months ended March 31, 2025 and 2024 is as follows:

	Three Months Ended March 31,					
	2025			2024		
	B2B	B2C	Total	B2B	B2C	Total
Revenue	$ 5,087	$ 24,279	$ 29,366	$ 12,347	$ 18,304	$ 30,651
Cost of revenue [(1)]	2,191	8,518	10,709	2,081	7,242	9,323
Segment contribution	$ 2,896	$ 15,761	$ 18,657	$ 10,266	$ 11,062	$ 21,328

(1) Excludes depreciation and amortization expense.

During the three months ended March 31, 2025 and 2024, one customer in the B2B segment individually accounted for 2.6% and 19.8% of total revenue, respectively.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(in thousands, except share and per share amounts)

The following table presents a reconciliation of segment gross profit to the consolidated income (loss) before income taxes for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,	
	2025	2024
Segment contribution [1]	$ 18,657	$ 21,328
Sales and marketing	5,916	6,017
Product and technology	7,866	9,616
General and administrative [1]	7,913	7,159
Depreciation and amortization	2,013	1,839
Interest expenses, net	1,212	1,132
Other income, net	—	(26)
Loss before income taxes	$ (6,263)	$ (4,409)

(1) Excludes depreciation and amortization expense.

Assets and liabilities are not separately analyzed or reported to the CODM and are not used to assist in decisions surrounding resource allocation and assessment of segment performance. As such, an analysis of segment assets and liabilities has not been included in this financial information.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(in thousands, except share and per share amounts)

The following table disaggregates total revenue by product and services for each segment:

	Three Months Ended March 31,	
	2025	2024
B2B:		
Platform and content license fees	$ 4,259	$ 9,667
Development services and other	828	2,680
Total B2B revenue	5,087	12,347
B2C:		
Sportsbook	8,348	5,873
Casino	14,521	11,709
Poker	1,410	722
Total B2C revenue	24,279	18,304
Total revenue	$ 29,366	$ 30,651

Revenue by location of the customer for the three months ended March 31, 2025 and 2024 is as follows:

	Three Months Ended March 31,	
	2025	2024
United States	$ 4,735	$ 9,092
Europe	15,466	11,604
Latin America	8,414	6,896
Rest of the world	751	3,059
Total revenue	$ 29,366	$ 30,651

(1) Finland revenue was $5,376 and $3,933 for three months ended March 31, 2025 and 2024, respectively.
(2) Norway revenue was $5,795 and $4,512 for three months ended March 31, 2025 and 2024, respectively.
(3) Chile revenue was $8,063 and $6,428 for three months ended March 31, 2025 and 2024, respectively.
(4) Canada revenue was $994 and $3,054 for three months ended March 31, 2025 and 2024, respectively.

NOTE 12 — INCOME TAXES

The Company's effective income tax rate was (9.0)% and 5.6% for the three months ended March 31, 2025 and 2024, respectively.

Our country of domicile is Bermuda, which effectively has a 0% statutory tax rate as it does not impose taxes on profits, income, dividends, or capital gains. The difference between this 0% tax rate and the effective income tax rate for the three months ended March 31, 2025 and 2024 was due primarily to a mix of earnings in foreign jurisdictions that are subject to current or deferred tax and loss carryforwards in certain jurisdictions that are not expected to be realized.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(in thousands, except share and per share amounts)

NOTE 13 — LEASES

The Company determines if an arrangement is a lease and classifies as operating or finance lease at the lease commencement date. A lease is defined as a contract, or part of contract, that conveys the right to control the use of an asset for a time period in exchange for consideration. At March 31, 2025, the Company's lease portfolio consists of operating leases related to office facilities in Estonia and Bulgaria. The lease terms for both leases are five years. Options to extend or terminate a lease are included in the lease term when it is reasonably certain that the Company will exercise such options. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation, or to be reset periodically to market rental rates or the periodic rent is fixed over the lease term. Lease payments for operating leases, consisting of fixed payments for base rent, is recognized on a straight-line basis over the lease term. The Company elected to record short-term lease costs on a straight-line basis over the term of the leases related to its shared work space facilities primarily in the United States and London, and incurred $71 and $95 for the three months ended March 31, 2025 and 2024, respectively, and are recorded within operating activities on the statement of cash flow.

Operating Leases - Lessee

The following table discloses the operating asset and liability balances at March 31, 2025 and December 31, 2024:

Leases	Classification	As of	
		March 31, 2025	**December 31, 2024**
Assets			
Total operating leased assets, net	Operating lease right-of-use assets[1]	$ 3,394	$ 3,417
Liabilities			
Current	Operating lease liabilities	$ 1,008	$ 912
Non-current	Operating lease liabilities – non-current	2,401	2,528
Total lease liabilities		$ 3,409	$ 3,440

(1) Operating lease right-of-use assets are recorded, net of accumulated amortization of $1,386 and $1,128, at March 31, 2025 and December 31, 2024, respectively.

The Company uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The incremental borrowing rate is based on the Company's credit rating based on its market valuation metrics and corporate yield curves observed for public companies with similar credit ratings.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
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Operating lease costs were $281 and $285 for the three months ended March 31, 2025 and 2024, respectively.

Maturities of lease liabilities, including reconciliation to the lease liabilities, based on required contractual payments, are as follows:

	Operating Leases
Remainder of 2025	$ 892
2026	1,193
2027	1,197
2028	678
Total lease payments	3,960
Less: future interest costs	551
Present value of lease liabilities	$ 3,409

Other information related to leases as of and for the three months ended March 31, 2025 and 2024 was as follows:

	Three Months Ended March 31,	
	2025	2024
Operating lease weighted-average remaining lease term (years)	3.3	4.3
Operating lease weighted-average discount rate	9.0%	9.0%
Cash paid for the amounts included in the measurement of operating lease liabilities	$ 290	$ 287

NOTE 14 — COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company may be subject to legal actions and claims arising from contracts or other matters from time to time in the ordinary course of business. Management is not aware of any pending or threatened litigation other than those considered routine legal proceedings. The Company believes the ultimate disposition or resolution of its routine legal proceedings will not have a material adverse effect on its financial position, results of operations or liquidity.

Chile Operations

Coolbet's B2C casino and sports-betting platform is accessible in Chile. Since June 1, 2020, foreign digital service suppliers that provide services to individuals in Chile have been required to register for value-added tax ("VAT") purposes. On September 20, 2021, the Company submitted an inquiry to the Chilean Internal Revenue Service ("SII") for clarification on the basis to apply VAT. In December 2021, the SII issued a general resolution as a response to another iGaming platform operator stating the Tax Administration's position that fees paid by users for entertainment services provided through online gaming and betting platforms are subject to VAT in Chile. The SII clarified its interpretation that the VAT tax rate of 19% shall be applied to "fees paid by the users", specifically gross customer deposits on the iGaming platform. This was further reiterated by the SII in June 2022 through a public response to an unnamed ruling request on the matter.

On May 13, 2022, the SII issued a resolution stating that unregistered foreign digital service providers will be subject to 19% withholding on payments through enforcement to issuers of credit cards, debit cards, and other forms of payment, effective August 1, 2022. The SII issued its noncompliant list of unregistered foreign digital service providers to enact enforcement of this withholding on a quarterly basis, with the most recent list issued on December 28, 2022. As of March 31, 2025 and through the date of filing, the Company has not registered for the Chilean VAT but has not been listed on the SII's list for which this withholding should be applied, and the Company has not received formal notification of any VAT liability due to the SII.

On March 14, 2023, the SII issued a resolution stating that, although the SII lacks the power to qualify an activity as legal or illegal (which had been noted in previous SII resolutions), the SII is not empowered to register taxpayers for the simplified VAT regime who carry out activities that have been declared illegal by other State authorities that do have the power to qualify an activity as legal or illegal. It then notes that the SII has been informed by the Superintendency of Gambling Casinos that the offering of games of chance is only expressly authorized in certain instances under Chilean law, and thus taxpayers without domicile or residence in Chile that offer them are doing so illegally. As a result, the SII has excluded these taxpayers from the simplified VAT regime, effectively contradicting past guidance that stated the digital VAT law must be applied to online gaming and betting platforms.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(in thousands, except share and per share amounts)

On September 12, 2023, the Supreme Court of Chile issued a ruling requiring one telecommunication company to block 23 iGaming websites. The ruling related specifically to one local internet service provider ("ISP"), and a state-owned land-based casino which holds the rights to offer online sports betting ("the Local Provider"). The order to block the websites only applied to the 23 specific URL addresses mentioned in the legal action. The Local Provider's legal action was based on a "protection recourse" filing and asserts that the Local Provider's constitutional right to maintain a legal monopoly over sports betting was infringed upon. The Supreme Court of Chile's ruling only affected the named parties of the case and did not establish legal precedent. In response to the ruling, the Company modified the URL and resumed operations.

On December 12, 2023, the Chamber of Deputies Hall held a legislative discussion on a bill that regulates the development of online betting platforms in Chile. The bill was approved by the Chamber and will proceed to the second constitutional process in the Senate.

The Company does not believe its activities in Chile are illegal based on external legal opinions obtained in previous years and updated external legal opinions supporting the Company's assertions. The Company had previously not registered for the Chilean VAT on digital service providers as the Company believed the application of VAT on gross customer deposits, as previously clarified by the SII, prior to the March 2023 resolution, did not represent a reasonable application of the law to the economic substance of the Company's services; this previous application would have resulted in a material loss to the Company. The Company believes that Chilean tax laws and regulations support that only the fees directly charged by the Company's platform, primarily poker fees, should be the taxable base for the Chilean digital VAT and has obtained an external legal opinion supporting this position, the application of which would not have a material impact to the Company's financial statements. However, there is uncertainty as to the regulated environment, what amounts may be ultimately due on our previous activities and the ability to operate in this jurisdiction until the SII resolves the position. Resolution of this matter may result in fines, penalties, additional expenses or require us to exit the market. Revenues from Chile represented 27.5% and 21.0% of total consolidated revenue for the three months ended March 31, 2025 and 2024, respectively.

Ecuador Operations

Coolbet's B2C casino and sport-betting platform is accessible in Ecuador. On June 28, 2024, Ecuador published Executive Decree No. 313 which imposed tax obligations in relation to sportsbook operations in Ecuador requiring operators to pay a tax on 15% of income earned, as well as applying 15% withholding tax to each winning bet, effective July 1, 2024. On December 19, 2024, Ecuador published Executive Decree No. 487, revising the withholding tax application as from January 1, 2025, to apply to net sportsbook wins on a monthly basis, or at the time of withdrawal, whichever is earliest. As a result of legislation, and as the Company has not been able to deploy any technological enhancements to withhold from its customers, the Company has accrued an estimated total tax liability of approximately $0.8 million related to the Company's operations as from July 1, 2024, in other current liabilities in the condensed consolidated balance sheet.

Synthetic Equity

Pursuant to the binding term sheet previously entered into with Red Rock Resorts, Inc., the Company entered into the Master Gaming Services Agreement with Station Casinos LLC ("Stations") on March 30, 2023, to launch GameSTACK and GAN Sports RMiG and sportsbook solutions at its properties through self-service kiosks as well as through on-premises and statewide mobile versions in Nevada, subject to applicable licensure. As an additional incentive for Station to support the commercial success of the launch in Nevada, the Master Gaming Services Agreement includes a Synthetic Equity Addendum which would require that the Company make a payment to Station in the event of a change of control in the Company (the "Change of Control Payment"), subject to certain conditions outlined in the Synthetic Equity Addendum. The Change of Control Payment is payable only in the event that a change of control occurs during the period as specified by the Synthetic Equity Addendum and that the Company's market capitalization has increased during that time, calculated as proscribed by the Synthetic Equity Addendum, which the amount of such payment ranging from 2.5% to 5% of such increase in market capitalization over approximately $2.00 per share, depending on whether certain minimum revenue conditions are met over the next five years. The payment represents an equity-linked financial instrument containing service, performance and market conditions and is measured and classified in accordance with stock-based compensation guidance. The initial grant-date fair value represents an upfront payment to a customer for the maximum tranche which will be attributed as contra revenue over the estimated initial contract term as revenue is earned under the arrangement such that the recognition of the constraints is not probable to result in a material reversal of revenue.

The initial value of the grant date liability and corresponding contract asset was valued utilizing a Monte Carlo simulation, which includes numerous scenarios, including assumptions of probability weighted likelihood of different outcomes. As facts and circumstances become known or knowable at each reporting period, the probability of certain scenarios will change, which will increase or decrease the value, and also the classification of the liability on the condensed consolidated balance sheet. For this reason, the value and classifications were reassessed based on when a change of control event would be come probable. The valuation utilizing the Monte Carlo simulation on March 30, 2023 was determined to be approximately $1.1 million at grant-date and recorded within other assets on other liabilities in the condensed consolidated balance sheet.

On November 7, 2023, the Company entered into the Merger Agreement at a share price of $1.97. The closing of the Merger is also predicated upon receipt of approval of the Merger and change in control of the Company by all relevant gaming authorities. The Company has received stockholder and several regulatory approvals, and anticipates that the closing of the Merger will occur in the second quarter of 2025. Refer to Note 1 – Nature of Operations. Based on the Company's anticipated timing of the change in control, the revenue conditions in the Synthetic Equity Addendum would not be met, the share price would be less than the $2.00 per share threshold, and no value would be assessed to the liability. As such, a 75% probability was applied to the sale scenario of $0 value and 25% to the year-end Monte Carlo value which assumes a sale in the future with potential revenue thresholds being met. As of December 31, 2023, the fair value was determined to be approximately $0.3 million. The change in value was charged as a reduction to general and administrative expense. As of December 31, 2023, the underlying revenue arrangement had commenced, and the asset is probable of recovery. The fair value is not sensitive to significant changes in inputs, and further, no material changes were identified to such inputs in the current period ended March 31, 2025.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements, related notes, and other financial information appearing elsewhere in this Quarterly Report on Form 10-Q and the consolidated financial statements and related notes included in our 2024 Form 10-K.

Critical Accounting Policies and Estimates

For a discussion of our critical accounting policies and the means by which we develop estimates, refer to "Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations" on our 2024 Annual Report on Form 10-K. There have been no material changes during the periods covered by this Quarterly Report on Form 10-Q from the critical policies described in our Form 10-K.

Forward-Looking Statements

This section and other parts of this Quarterly Report on Form 10-Q contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements reflect our current expectations and views of future events based on certain assumptions and include any statement that does not directly relate to a historical fact. For example, statements in this Quarterly Report on Form 10-Q may include the potential impact of the expected timing of government approvals or opening of new regulated markets for online gaming, our financial guidance and expectations or targets for our operations, anticipated revenue growth or operating synergies related to our acquisition of Coolbet, the results of our restructuring efforts, and expectations about our ability to effectively execute our business strategy and expansion goals. These forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "should," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," or other similar expressions.

Although we believe that we have a reasonable basis for each forward-looking statement, forward-looking statements are not guarantees of future performance and our actual results could differ significantly from the results discussed or implied in these forward-looking statements. Factors that might cause such differences are described in "Item 1A. Risk Factors" in our 2024 Form 10-K and in this Quarterly Report on Form 10-Q.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. These forward-looking statements speak only as of the date on which they are made. We do not assume any obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Overview

GAN Limited is an exempted holding company organized in Bermuda exempted holding company and through its subsidiaries, consists of two lines of business. We are a business-to-business ("B2B") supplier of enterprise Software-as-a-Service ("SaaS") solutions for online casino gaming, commonly referred to as iGaming, and online sports betting applications. Beginning with our January 2021 acquisition of Vincent Group p.l.c., a Malta public limited company ("Coolbet"), we are also a business-to-consumer ("B2C") developer and operator of an online sports betting and casino platform, which offers consumers in select markets in Northern Europe, Latin America, and Canada access to a digital portal for engaging in sports betting, online casino games, and poker. These two lines of business are also the Company's reportable segments.

The B2B segment develops, markets, and sells instances of GameSTACK, GAN Sports, and iSight Back Office technology that incorporates comprehensive player registration, account funding and back-office accounting and management tools that enable casino operators to efficiently, confidently and effectively extend their online presence.

The B2C segment includes the operations of Coolbet. Coolbet develops and operates an online sports betting and casino platform that is accessible through its website in markets across Northern Europe, Latin America and Canada.

To meet demand and serve our U.S. casino operator clients, we continue to invest in our software engineering capabilities and expand our operational support. The most significant component of our operating costs generally relate to our employee salary and benefits costs. Also, operating costs include technology and corporate infrastructure related-costs, as well as marketing expenditures with a focus on increasing and retaining B2C end-users.

Our net loss was $6.8 million and $4.2 million for the three months ended March 31, 2025 and 2024, respectively.

We believe that our current technology is highly scalable and can support the launch of our product offerings for new customers and in new jurisdictions. We expect to achieve profitability through increased revenues from:

- organic growth of our existing casino operators,
- expansion into newly regulated jurisdictions with existing and new customers,
- margin expansion driven by the integration of Coolbet's sports betting technology in our B2B product offerings,
- strategically reducing our existing worldwide global workforce to simplify and streamline our organization and strengthen the overall competitiveness of our B2B segment,
- revenue expansion from the roll-out of our Super RGS content offering to B2C operators who are not already clients, and
- organic growth of our B2C business in existing and new jurisdictions.

Consolidated Results of Operations

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024

The following table sets forth our consolidated results of operations for the periods indicated:

	Three Months Ended March 31,		Change	
	2025	2024	Amount	Percent
(dollars in thousands)				
Revenue	$ 29,366	$ 30,651	$ (1,285)	(4.2)%
Operating costs and expenses				
Cost of revenue (1)	10,709	9,323	1,386	14.9%
Sales and marketing	5,916	6,017	(101)	(1.7)%
Product and technology	7,866	9,616	(1,750)	(18.2)%
General and administrative (1)	7,913	7,159	754	10.5%
Depreciation and amortization	2,013	1,839	174	9.5%
Total operating costs and expenses	34,417	33,954	463	1.4%
Operating loss	(5,051)	(3,303)	(1,748)	52.9%
Interest expenses, net	1,212	1,132	80	7.1%
Other income, net	—	(26)	26	(100.0)%
Loss before income taxes	(6,263)	(4,409)	(1,854)	42.1%
Income tax expense (benefit)	565	(249)	814	n.m.
Net loss	$ (6,828)	$ (4,160)	$ (2,668)	64.1%

(1) Excludes depreciation and amortization expense.
n.m. = not meaningful

Geographic Information

The following table sets forth our consolidated revenue by geographic region, for the periods indicated:

	Three Months Ended March 31,		Percentage of Revenue		Change	
	2025	2024	2025	2024	Amount	Percent
(dollars in thousands)						
United States	$ 4,735	$ 9,092	16.1%	29.7%	$ (4,357)	(47.9)%
Europe	15,466	11,604	52.7%	37.9%	3,862	33.3%
Latin America	8,414	6,896	28.7%	22.5%	1,518	22.0%
Rest of the world	751	3,059	2.5%	9.9%	(2,308)	(75.4)%
Total revenue	$ 29,366	$ 30,651	100.0%	100.0%	$ (1,285)	(4.2)%

(1) Finland revenue was $5,376 and $3,933 for three months ended March 31, 2025 and 2024, respectively.
(2) Norway revenue was $5,795 and $4,512 for three months ended March 31, 2025 and 2024, respectively.
(3) Chile revenue was $8,063 and $6,428 for three months ended March 31, 2025 and 2024, respectively.
(4) Canada revenue was $994 and $3,054 for three months ended March 31, 2025 and 2024, respectively.

Revenue

Revenue was $29.4 million for the three months ended March 31, 2025, a decrease of $1.3 million from the comparable period in 2024. The decrease was primarily attributable to a decrease in the United States resulting from the expiration of a multistate B2B commercial contract. These decreases were partially offset by growth in the B2C segment driven by increases in both Latin America and Europe.

Cost of Revenue

Cost of revenue was $10.7 million for the three months ended March 31, 2025, an increase of $1.4 million in the comparable period in 2024. This increase was due to increased gaming taxes in our B2C operations in Latin America driven by increased revenues.

Sales and Marketing

Sales and marketing expense was $5.9 million for the three months ended March 31, 2025, a decrease of $0.1 million from the comparable period in 2024. The decrease was primarily attributable to the Company's deployment of an affiliate marketing strategy in the Latin America region that reduces the up-front marketing costs required for customer acquisition.

Product and Technology

Product and technology expense was $7.9 million for the three months ended March 31, 2025, a decrease of $1.8 million from the comparable period in 2024. This decrease is due primarily to overall reduction of compensation costs and reduced headcount realized as part of ongoing cost saving initiatives.

General and Administrative

General and administrative expense was $7.9 million for the three months ended March 31, 2025, an increase of $0.8 million from the comparable period in 2024. This increase was primarily due to the recording of a credit reserve relating to a certain PSP.

Depreciation and Amortization

Depreciation and amortization expense was $2.0 million for three months ended March 31, 2025, an increase of $0.2 million from the comparable period in 2024. The increase was primarily due to the composition of depreciable assets compared to the prior period.

Income Tax Expense (Benefit)

We recorded income tax expense of $0.6 million for the three months ended March 31, 2025, reflecting an effective tax rate of (9.0)%, compared to income tax benefit of $0.3 million for the three months ended March 31, 2024, reflecting an effective tax rate of 5.6%. Our country of domicile is Bermuda, which effectively has a 0% statutory tax rate as it does not impose taxes on profits, income, dividends, or capital gains. The difference between this 0% tax rate and the effective income tax rate for three months ended March 31, 2025 and 2024 was due primarily to a mix of earnings in foreign jurisdictions that are subject to current or deferred tax and loss carryforwards in certain jurisdictions that are not expected to be realized.

Segment Operating Results

We report our operating results by segment in accordance with the "management approach." The management approach designates the internal reporting used by our Chief Operating Decision Maker ("CODM"), who is our Chief Executive Officer, for making decisions and assessing performance of our reportable segments.

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024

The following table sets forth our segment results for the periods indicated:

	Three Months Ended March 31,		Percentage of Segment Revenue		Change	
(dollars in thousands)	2025	2024	2025	2024	Amount	Percent
B2B						
Revenue	$ 5,087	$ 12,347	100.0%	100.0%	$ (7,260)	(58.8)%
Cost of revenue [1]	2,191	2,081	43.1%	16.9%	110	5.3%
B2B segment contribution	$ 2,896	$ 10,266	56.9%	83.1%	$ (7,370)	(71.8)%
B2C						
Revenue	$ 24,279	$ 18,304	100.0%	100.0%	$ 5,975	32.6%
Cost of revenue [1]	8,518	7,242	35.1%	39.6%	1,276	17.6%
B2C segment contribution	$ 15,761	$ 11,062	64.9%	60.4%	$ 4,699	42.5%

[1] Excludes depreciation and amortization expense.

B2B Segment

B2B revenue decreased by $7.3 million primarily due to the expiration of a multistate commercial contract.

B2B cost of revenue increased by $0.1 million due to expansion of our B2B offerings in the state of Nevada.

Segment contribution for B2B, which excludes depreciation and amortization expense, decreased by 71.8% due to the decrease in revenue described above.

B2C Segment

B2C revenue increased by $6.0 million primarily due to increased player activity and higher margins in Europe and to a lesser extent in Latin America.

B2C cost of revenue increased by $1.3 million primarily due to increased revenues described above.

Segment contribution for B2C, which excludes depreciation and amortization expense, increased by 42.5%. This increase was primarily driven by the increase in revenues described above.

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Non-GAAP Financial Measures

Adjusted EBITDA

Management uses the non-GAAP measure of Adjusted EBITDA to measure its financial performance. Specifically, it uses Adjusted EBITDA (i) as a measure to compare our operating performance from period to period, as it removes the effect of items not directly resulting from our core operations, and (ii) as a means of assessing our 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.

We define Adjusted EBITDA as net loss before interest expense (income), net, income tax expense (benefit), depreciation and amortization, impairments, share-based compensation expense and related expense, restructuring costs and other items which our Board of Directors considers to be infrequent or unusual in nature. 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 and Adjusted EBITDA may exclude financial information that some investors may consider important in evaluating our performance. Because Adjusted EBITDA is not a U.S. GAAP measure, the way we define Adjusted EBITDA may not be comparable to similarly titled measures used by other companies in the industry.

Below is a reconciliation of Adjusted EBITDA to net loss, the most comparable U.S. GAAP measure, as presented in the condensed consolidated statements of operations for the periods specified:

	Three Months Ended March 31,	
(in thousands)	2025	2024
Net loss	$ (6,828)	$ (4,160)
Income tax expense (benefit)	565	(249)
Interest expense	1,212	1,132
Depreciation and amortization	2,013	1,839
Share-based compensation and related expense [(1)]	752	869
Credit reserve on PSP	753	—
Transaction related costs	22	—
Adjusted EBITDA	$ (1,511)	$ (569)

[(1)] Such amounts exclude capitalized amounts. Refer to Note 7 – Share-based Compensation for further details.

Key Performance Indicators

Our management uses the following key performance indicators ("KPIs") as indicators of trends and results of the business. These KPIs give our management an indication of the level of engagement between the player and the Company's platforms. No estimation is necessary in quantifying these KPIs, nor do they represent U.S. GAAP based measurements. These KPIs are subject to various risks such as customer concentration, competition, licensing and regulation, and macroeconomic conditions. Refer to "Item 1A. Risk Factors" for further risks associated with our business which would affect these KPIs.

	Three Months Ended March 31,		Change	
	2025	2024	Amount	Percent
B2B Gross Operator Revenue (in millions)	$ 144.6	$ 632.0	$ (487.4)	(77.1)%
B2B Take Rate	3.5%	2.0%	1.5%	75.9%
B2C Active Customers (in thousands)	235	222	13	6.0%
B2C Marketing Spend Ratio	17.7%	23.2%	(5.5)%	(23.5)%
B2C Sports Margin	8.6%	5.7%	2.9%	50.4%

B2B Gross Operator Revenue

We define B2B Gross Operator Revenue as the sum of our B2B corporate customers' gross revenue from SIM, gross gaming revenue from RMiG, and gross sports wins from sportsbook offerings. B2B Gross Operator Revenue, which is not comparable to financial information presented in conformity with U.S. GAAP, gives management and users of our financial statements an indication of the extent of transactions processed through our B2B corporate customers' platforms and allows management to understand the extent of activity that our platform is processing.

The decrease in Gross Operator Revenue for the three months ended March 31, 2025, as compared to the three months ended March 31, 2024, was driven primarily by the expiration of a multistate commercial contract.

B2B Take Rate

We define B2B Take Rate as a quotient of B2B segment revenue retained by the Company over the total Gross Operator Revenue generated by our B2B corporate customers. B2B Take Rate gives management and users of our financial statements an indication of the impact of the statutory terms and the efficiency of the commercial terms on the business.

The increase in B2B Take Rate for the three months ended March 31, 2025 compared to the three months ended March 31, 2024 was primarily driven by the expiration of a multistate commercial contract and the mix shift of revenue into the higher take rate product offerings.

B2C Active Customers

We define 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 track related trends.

The increase in B2C Active Customers for the three months ended March 31, 2025 was primarily driven by increased customer activity in Latin America and Europe.

B2C Marketing Spend Ratio

We define 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 subsets, as an additional indication of return on marketing investment.

The decrease in the B2C Marketing Spend Ratio for the three months ended March 31, 2025 was primarily driven by the deployment of affiliate marketing strategies primarily in Latin America.

B2C Sports Margin

We define B2C Sports Margin as the ratio of wagers minus winnings to total amount wagered, adjusted for open wagers at period end. Sports betting involves a user placing a bet on the outcome of a sporting event with the chance to win a pre-determined amount, often referred to as fixed odds. Our B2C sportsbook revenue is generated by setting odds that are intended to provide a built-in theoretical margin in each sports bet offered to our users. This metric allows management to measure sportsbook performance against its expected outcome.

The increase in the B2C Sports Margin for the three months ended March 31, 2025, were primarily attributable to the outcomes of individual sporting events.

Liquidity and Capital Resources

Material Cash Commitments

Our primary uses of cash include funding our ongoing working capital needs and developing and maintaining our proprietary software platforms. Such capital allocations are contemplated while considering other opportunities we may have to deploy our capital.

The execution of our growth strategy will require continued significant capital expenditures, and we expect to continue investing in our products and technologies as we seek to scale our business.

We utilized cash in investing activities of $0.8 million and $0.7 million for the three months ended March 31, 2025 and 2024, respectively. Of these activities, expenditures related to internally developed capitalized software represented $0.7 million and $0.5 million, respectively, and property and equipment (including licenses for internal use software) represented $0.1 million and $0.1 million, respectively.

Sources of Liquidity

Since our inception, we have primarily funded our operations through cash generated from operations, cash generated from financing activities, including our U.S. initial public offering and term credit facility, and cash on hand.

On April 13, 2023, a subsidiary of the Company executed agreements to amend the Credit Facility and increase the principal balance from $30.0 million to $42.0 million (forming the "Amended Credit Facility"). The Amended Credit Facility contains a financial covenant, among other covenants, requiring minimum liquidity of $10.0 million. Refer to Note 6 – Debt for further details. The Company was in compliance with all financial covenants associated with its Credit Facility as of March 31, 2025, however given the Company's cash flow and net losses for three months ended March 31, 2025, historical performance, and reasonably estimable near-term future cash flows, it is possible that the Company could violate a financial covenant in the future which could trigger an acceleration of all amounts due and the termination of commitments under the Credit Facility. Additionally, the Company's current financial condition, liquidity resources, and planned near-term cash flows from operations are sensitive to changes in macro-economic conditions, and the substantial variability inherent in the Company's wager-based revenues streams. These factors, when considered together with potential covenant breaches under the Company's Credit Facility indicate uncertainty related to the ability of the Company to meet its current obligations as they come due. We expect to maintain compliance through the maturity date of the Credit Facility.

In accordance with Accounting Standards Codification ("ASC"), 205-40 Going Concern, the Company has evaluated whether there are conditions and events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year of the date the accompany condensed consolidated financial statements are issued. The Company's current financial condition, liquidity resources, and planned near-term cash flows from operations have been and will be negatively affected by the expiration of the Company's U.S., multistate B2B commercial contract with a B2B partner in January 2025. The expiration of the multistate B2B commercial contract will negatively impact the Company's revenue and is an indicator that raises uncertainty related to the ability of the Company to meet its current obligations as they come due. However, the Company has prepared mitigations plans including deferral of hiring, exiting certain negative margin geographies of operations, and reducing headcount to achieve cash flow targets for at least the next year.

In addition, the Company's Amended Credit Facility with SEGA SAMMY HOLDINGS, INC., which is an affiliate entity of SEGA SAMMY CREATION, the announced acquirer of the Company, will mature on April 14, 2026. In the event the merger does not close, an uncertainty will exist related to the Company's ability to settle the credit facility at maturity based on the forecasted cash flows of the Company. As such, substantial doubt exists related to our ability to continue as a going concern. In such a scenario, the Company will seek out additional financing. Failure to obtain additional funding in such circumstances may require the Company to significantly curtail its operations and/or dispose of certain operations or assets. However, no assurance can be provided that additional funding will be available at terms acceptable to the Company, if at all. Substantial doubt based solely on the maturity of the Amended Credit Facility is not considered a breach under the agreement, and as such, the Credit Facility has not been reclassified to current as it is not callable by the lender at March 31, 2025. Accordingly, the maturity date of the Amended Credit Facility raises substantial doubt as to the Company's ability to continue as a going concern beyond April 14, 2026.

The accompanying condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Accordingly, the condensed consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

To the extent that the Company's current resources, including its ability to generate operating cash flows, are insufficient to satisfy its cash requirements, the Company may seek additional equity or debt financing. The Company's ability to do so depends on prevailing economic conditions and other factors, many of which are beyond management's control. The Company does not currently have any such credit facilities or similar debt arrangements in place, outside of the Amended Credit Facility described above, and cannot provide any assurance as to the availability or terms of any additional future financing that it may require to support its operations. If the needed financing is not available, or if the terms of financing are less desirable than expected, the Company may be forced to decrease its level of investment in new products and technologies, discontinue further expansion of the business, or scale back its existing operations, any of which could have an adverse impact on the Company and its financial prospects.

Cash Flow Analysis

A summary of our operating, investing and financing activities is shown in the following table:

	Three Months Ended March 31,		Change	
(dollars in thousands)	2025	2024	Amount	Percent
Net cash provided by (used in) operating activities	$ 1,214	$ (280)	$ 1,494	n.m.
Net cash used in investing activities	(826)	(727)	(99)	13.6%
Net cash provided by financing activities	—	3	(3)	(100.0)%
Effect of foreign exchange rates on cash	812	(982)	1,794	n.m.
Net increase (decrease) in cash and cash equivalents	$ 1,200	$ (1,986)	$ 3,186	n.m.

n.m. = not meaningful

Operating Activities

Net cash provided by (used in) operating activities increased by $1.5 million primarily due to an increase in cash generated from working capital of 2.4 million. The remaining increase in cash provided by operating activities was due to overall decreased costs that contributed to a decrease in loss from operations.

Investing Activities

Net cash used in investing activities increased by $0.1 million primarily due to an increase of capitalized development of $0.3 million primarily related to the Company's efforts in migration to the v2 platform and continued enhancements of its B2C offerings. This increase was offset by a reduction in expenditures related to gaming licenses of $0.2 million.

Financing Activities

Net cash provided by financing activities was relatively consistent with the prior year.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including our chief executive officer and chief financial officer (together, the "Certifying Officers"), as appropriate to allow for timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance, not absolute assurance, of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements will not occur or that all control issues, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. The design of any system of controls is based, in part, upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including the Certifying Officers, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, the Certifying Officers concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of March 31, 2025. The Certifying Officers based their conclusion on the fact that the Company has identified material weaknesses in controls over financial reporting, detailed below. In light of this fact, our management has performed additional analyses, reconciliations, and other procedures and have concluded that, notwithstanding the material weaknesses in our internal control over financial reporting, the condensed consolidated financial statements for the periods covered by and included in this Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

Material Weakness in Internal Control Over Financial Reporting

As previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024, a material weakness was identified in the Company's internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's interim or annual condensed consolidated financial statements will not be prevented or detected on a timely basis.

During the course of management's prior year-end procedures, the Company's management and audit committee of the board of directors concluded that the Company did not design appropriate controls to evaluate risks to the entity from improper segregation of duties and maintain manual controls at a level of precision to mitigate misstatements that could be present through the lack of segregation of journal entry preparation and approval within certain financial reporting systems constituted a material weakness. While the Company has actively begun to implement controls to remediate the material weakness, this material weakness has not been resolved as of March 31, 2025.

Remediation Plans

We continue to evaluate measures to remediate the identified material weakness. These measures include implementing appropriate controls to segregate journal entry preparation and formal, documented approvals at a sufficient level of precision.

We intend to continue to take steps to remediate the material weakness described above and further evolving our accounting processes, controls, and reviews. The Company plans to continue to assess its internal controls and procedures and intends to take further action as necessary or appropriate to address any other matters it identifies or are brought to its attention. We will not be able to fully remediate this material weakness until these steps have been completed and have been operating effectively for a sufficient period of time.

The actions that we are taking are subject to ongoing senior management review, as well as audit committee oversight. We will not be able to conclude whether the steps we are taking will fully remediate the material weakness in our internal control over financial reporting until we have completed our remediation efforts and subsequent evaluation of their effectiveness. We may also conclude that additional measures may be required to remediate the material weakness in our internal control over financial reporting, which may necessitate further action.

Changes in Internal Controls Over Financial Reporting

Except for the remediation efforts described above, there was no change in our internal control over financial reporting that occurred during the quarter covered by this Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to legal proceedings that have not been fully resolved and that have arisen in the ordinary course of business. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business.

The outcome of litigation is inherently uncertain. If one or more matters were resolved against the Company in a reporting period for amounts above management's expectations, the Company's financial condition and operating results for that reporting period could be materially adversely affected. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

There are no material changes from the risk factors as disclosed in Part I, Item 1A under the heading "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on March 14, 2025.

Item 6. Exhibits

Exhibit Number	Description of Document	Incorporated by Reference Form	Exhibit Number	Date Filed
2.1	Agreement and Plan of Merger dated November 7, 2023 among SEGA SAMMY CREATION INC., Arc Bermuda Limited and the Company	8-K	2.1	November 8, 2023
2.2	Amendment to Agreement and Plan of Merger dated December 15, 2023 among SEGA SAMMY CREATION INC., Arc Bermuda Limited and the Company	8-K	2.1	December 15, 2023
2.3	Second Amendment to Agreement and Plan of Merger dated February 7, 2025 among SEGA SAMMY CREATION, INC., Arc Bermuda Limited and the Company	8-K	2.1	February 7, 2025
3.1	Memorandum of Association of GAN Limited	F-1	3.1	April 17, 2020
3.2	By-Laws of GAN Limited	F-1	3.2	April 27, 2020
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
32.1**	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
101*	Inline XBRL Document set for the condensed consolidated financial statements and accompanying notes in Part I, Item 1, “Financial Statements” of the Quarterly Report on Form 10-Q.			
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			
*	Filed herewith.			
**	Furnished herewith.			

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 thereunto duly authorized.

GAN Limited

Date: May 9, 2025

By: */s/ SEAMUS MCGILL*
Seamus McGill
Chief Executive Officer
(Principal Executive Officer)

/s/ BRIAN CHANG
Brian Chang
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

Certification of Chief Executive Officer

**Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as Amended,
Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Seamus McGill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GAN Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2025

/s/ SEAMUS MCGILL
Seamus McGill
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as Amended,
Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Brian Chang, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GAN Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2025

/s/ BRIAN CHANG
Brian Chang
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Quarterly Report on Form 10-Q of GAN Limited (the "Company") for the quarter ended March 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2025

/s/ SEAMUS MCGILL
Seamus McGill
Chief Executive Officer
(principal executive officer)

Exhibit 32.2

Certification of Chief Financial Officer

**Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

I hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Quarterly Report on Form 10-Q of GAN Limited (the "Company") for the quarter ended March 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2025

/s/ BRIAN CHANG
Brian Chang
Chief Financial Officer
(principal financial officer)