

# GAN<sup>TM</sup>

GameSTACK<sup>TM</sup>

iBridge<sup>TM</sup>

iSIGHT<sup>TM</sup>  
BACK OFFICE

COOLBET 

## 2022 FIRST QUARTER EARNINGS

May 16, 2022



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# OPERATIONAL AND STRATEGIC HIGHLIGHTS

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# KEY 1Q22 TAKEAWAYS

KPI'S illustrate solid growth and underlying demand in both B2C & B2B

## YOY REVENUE INCREASE OF NEARLY 40% WITH COST CONTROLS DRIVING POSITIVE AEBITDA



- + B2C revenue up 71% YOY on 57% increase in turnover to \$584M and 106% growth in active customers to 230K
- + B2B recurring SaaS and Services revenues increased 22% from prior year, with over 50% increase in U.S. RMiG; prior year includes \$3M patent licensing revenue
- + B2C continued to achieve exceptionally low marketing spend percentage of revenue compared to peers, at 17% in Q1 compared to 14% in prior year; new first-time depositing customers of 66,000 at a CPA of \$64

## PROGRESSED STRATEGY THROUGH NEW LAUNCHES & I.P. ENFORCEMENT



- + Ontario | Major B2B platform client and B2C operation launched concurrently on April 4th
- + Michigan Client #4 | Launched Soaring Eagle Casino, Michigan's largest tribal operator, on April 14th
- + Industry Award | B2C brand wins "Mobile Operator of the Year" from International Gaming Awards
- + Patent Enforced | Commenced litigation against global gaming operator for continuing infringement of strategic I.P.

## 2022 OUTLOOK FOCUSED ON PROFITABILITY AND CASH MANAGEMENT



- + Reiterate 2022 guidance of \$155 – \$165M Revenue and \$15 – \$20M Adjusted EBITDA with quarterly profitability
- + Successful completion of \$30 million term loan to provide incremental balance sheet flexibility
- + Began implementation of \$10M in operational efficiencies along with other strategic initiatives that are expected to accelerate Adjusted EBITDA generation and improve profitability

# CONTINUED FOCUS ON DRIVING PROFITABLE GROWTH

Cost discipline, scalability and strategy execution drive meaningful growth in AEBITDA

"To deliver industry leading gaming experiences enabled by cutting edge technologies"

MISSION

## INVESTING PRIORITIES

## PROGRESS

### 1 COST DISCIPLINE/ SCALABILITY

- + B2C currently cash flow generative & capex light
- + New B2B opportunities carefully contemplated on ROI basis
- + Developing "GameSTACK 2.0" enabling \$10M in operational efficiencies while combining best elements of divisional platforms

### 2 EXECUTION OF INVESTMENT STRATEGY

- + GAN Sports launching in early August in MS & early 2023 in NV
- + New Ainsworth game *Rise of the Dragon* was ranked #3 out of top #25 new online slots<sup>1</sup>
- + Silverback Studios launching two upcoming games including highly anticipated *Egyptian Mega Fortune*
- + Launch of new LatAm B2C regulated territory in Q4-22

### 3 ORGANIC GROWTH FOR B2C & B2B

- + B2C growth driven by revenue acceleration in current EU & LatAm markets
- + B2B growth driven by current & new US markets including MS & AR along with recent launch in MI
- + Exciting new Ontario opportunity for both B2C and B2B

(1) EILERS-FANTINI Online Data Insights - 1Q22 report published on April 27, 2022

# Successful April launches in Ontario & Michigan

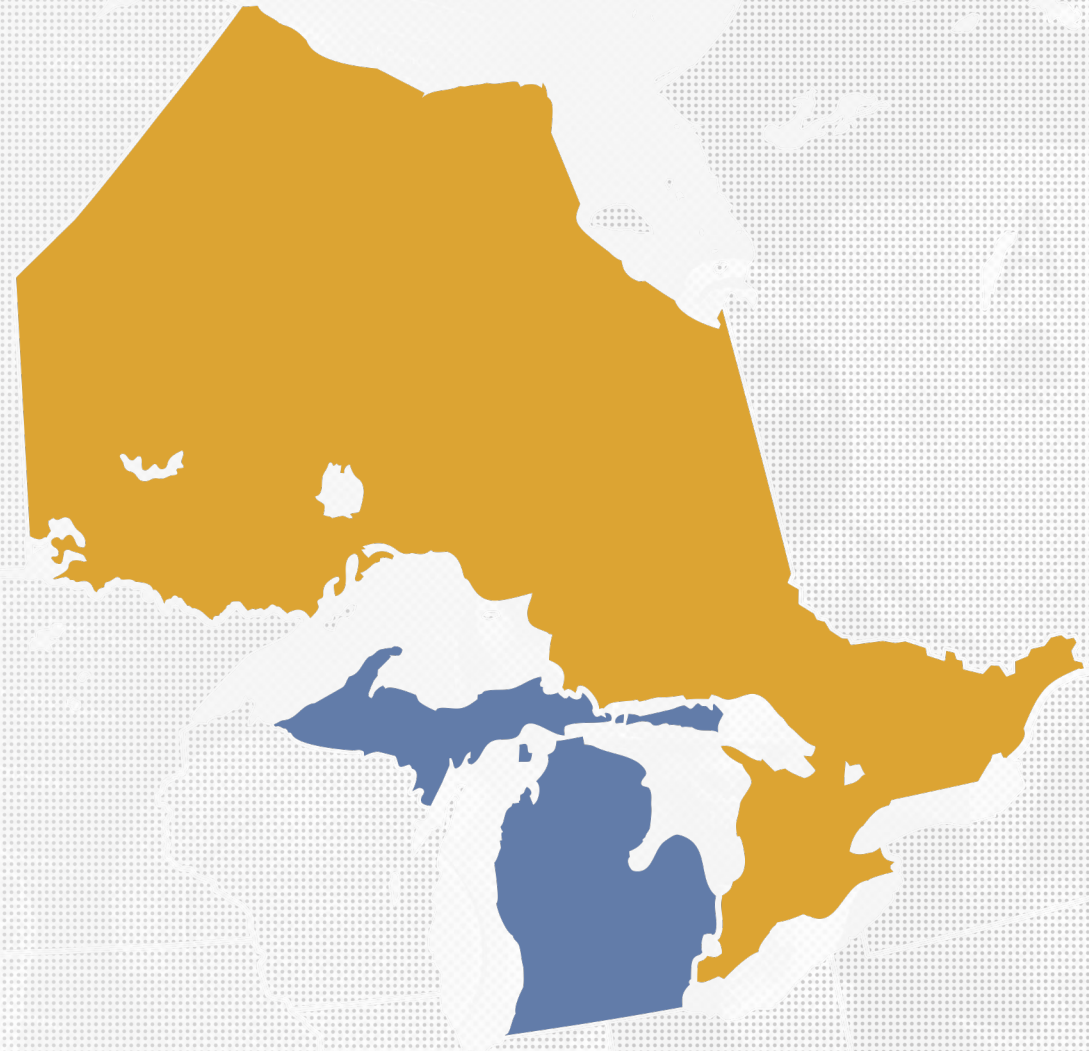
Providing full suite of enterprise software platforms in large North American markets

## CONCURRENT LAUNCHES IN ONTARIO

- + Launched technology platform to support operating partner enabling both online sports betting & iGaming in Ontario
- + Concurrently launched B2C brand on "Day One" of the market
- + Population of Ontario is comparable to Pennsylvania the fifth most populous U.S. State
- + Off to strong initial start with new players (registrations) over 20% higher than NJ when comparing the first 30 days of operations

## MICHIGAN FOURTH CLIENT LAUNCH

- + Launch of iGaming and online sports betting for PlayEagle.com by Soaring Eagle Casino & Resort
- + Soaring Eagle is a leading tribal operator representing the largest land-based casino in the state
- + Footprint expanding from commercial platform clients to full-service enterprise offering across multiple large operators





# FINANCIAL REVIEW

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## FINANCIAL OVERVIEW

## CATALYSTS FOR PROFITABILITY

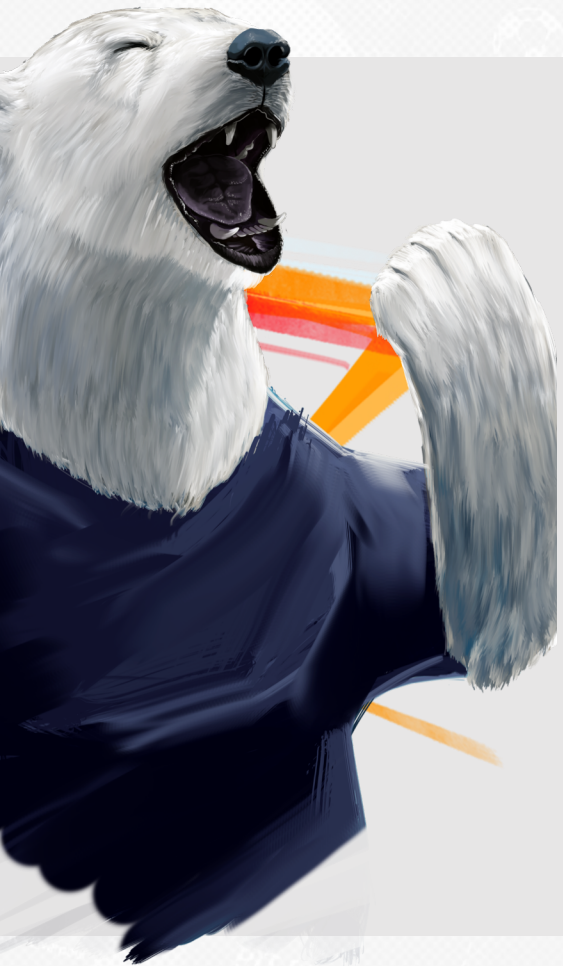
## WRAP UP

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# 1Q22 FINANCIAL OVERVIEW

Growth in B2B and B2C accompanied by cost structure rationalization driving accelerated AEBITDA generation



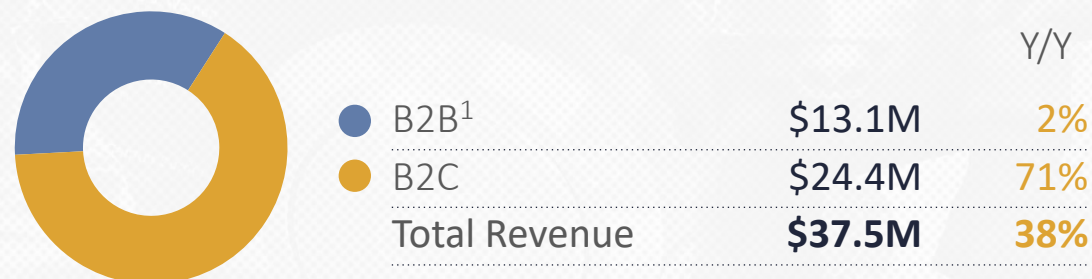
## Q1 CONSOLIDATED FINANCIAL METRICS

		Y/Y
REVENUE	<b>\$37.5M</b>	<b>38%</b>
NET LOSS	<b>(\$4.5M)</b>	<b>N/A</b>
ADJUSTED EBITDA	<b>\$3.0M</b>	<b>453%</b>
EPS	<b>(\$0.11)</b>	<b>N/A</b>

## Q1 REVENUE – BY GEOGRAPHY



## Q1 REVENUE – BY SEGMENT



(1) Quarter over quarter comparisons were affected by prior quarter one-time patent licensing revenue of \$3 million.

# PROFITABILITY ACCELERATED BY COST RATIONALIZATION & SCALABILITY

Right sized B2B cost structure to focus on AEBITDA

## OPEX RATIONALIZATION MEASURES

### Sales & Marketing

- + B2B marketing costs around tradeshows largely fixed
- + Coolbet local team sponsorships fraction of similar domestic deals

### Product & Technology

- + Developing GameStack 2.0 expected to result in considerable operational efficiencies

### General & Administrative

- + Headcount leveling off
- + Office space rationalization
- + 3rd party functions bringing in-house including tax & legal for cost savings

## HIGHLY SCALABLE & RECURRING LONGER-TERM B2B MODEL



# WRAP UP

Cost Controls, Scaling and Revenue Growth Lead to Accelerated AEBITDA

FOCUS ON EXECUTION, COST CONTROLS & NEAR-TERM PROFITABILITY CONTINUES AT RAPID PACE

SUCCESSFUL RECENT LAUNCHES IN MICHIGAN & ONTARIO FOR BOTH SPORTS and iGAMING

ADJUSTED G&A DOWN FROM 36% OF REVENUE IN PRIOR YEAR TO 22% IN CURRENT QUARTER

STRONG REVENUE GROWTH OF 38% DRIVEN BY B2C & RECURRING B2B





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HISTORICAL NORMALIZED  
REVENUE

.....

# KEY PERFORMANCE HIGHLIGHTS

Strong growth sequentially and comparatively in key metrics

## Year over Year

B2C

All Figures in \$ USD Millions

		1Q22	1Q21	Chg.
SPORTS BETTING	Turnover / Handle	\$196.5	\$138.9	+41%
	Gross Win %	7.2%	6.8%	40 bps
	Gross Win	\$14.2m	\$9.5m	+50%
	Promo Allowances	(3.0m)	(2.3m)	—
	Net Win	\$11.2m	\$7.1m	+56%
iGAMING	Turnover / Handle	\$387.2	\$233.9	+66%
	Gross Win %	3.9%	3.3%	60 bps
	Net Win	\$12.6m	\$6.5m	+94%
Active Customers (in thousands)		230	112	105%

B2B

GOR	\$297.8	\$214.2	+39%
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# STATEMENT OF OPERATIONS

(Unaudited, in thousands of US\$)

Three Months Ended  
March 31,

Year Over Year Change

	2022	2021	Var B/(W)	Var % B/(W)
<b>Total Revenue</b>	<b>\$37,494</b>	<b>\$27,118</b>	<b>\$10,376</b>	<b>38%</b>
<b>B2B</b>				
Revenue	\$13,070	\$12,806	\$264	2%
Cost of revenue <sup>(1)</sup>	3,903	2,742	(1,161)	(42%)
<b>B2B segment gross profit <sup>(1)</sup></b>	<b>\$9,167</b>	<b>\$10,064</b>	<b>\$(897)</b>	<b>(9%)</b>
<i>Segment gross profit margin <sup>(1)</sup></i>	<i>70%</i>	<i>79%</i>		
<b>B2C</b>				
Revenue	\$24,424	\$14,312	\$10,112	71%
Cost of revenue <sup>(1)</sup>	7,797	5,977	(1,820)	(30%)
<b>B2C segment gross profit <sup>(1)</sup></b>	<b>\$16,627</b>	<b>\$8,335</b>	<b>\$11,932</b>	<b>143%</b>
<i>Segment gross profit margin <sup>(1)</sup></i>	<i>68%</i>	<i>58%</i>		
<b>Total segment gross profit <sup>(1)</sup></b>	<b>\$25,794</b>	<b>\$18,399</b>	<b>\$7,395</b>	<b>40%</b>
<i>Segment gross profit margin <sup>(2)</sup></i>	<i>69%</i>	<i>68%</i>		
Sales and marketing	\$6,098	\$4,101	\$(1,997)	(49%)
Product and technology	8,954	5,243	(3,711)	(71%)
General and administrative <sup>(1)</sup>	9,392	10,009	617	6%
Restructuring	1,059	-	(1,059)	n.m.
Depreciation and amortization	4,413	3,994	(419)	(10%)
Total operating expenses (excluding cost of revenues)	29,916	23,347	(6,569)	(28%)
<b>Operating loss</b>	<b>(4,122)</b>	<b>(4,948)</b>	<b>826</b>	<b>17%</b>
Other (income) loss, net	(9)	1	(10)	n.m.
Loss before income taxes	(4,113)	(4,949)	836	(17%)
Income tax expense (benefit)	386	661	275	42%
<b>Net loss</b>	<b>\$(4,499)</b>	<b>\$(5,610)</b>	<b>\$1,111</b>	<b>20%</b>

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

# GAAP TO NON-GAAP RECONCILIATION

(Unaudited, in thousands of US\$)

Three Months Ended

Year Over Year Change

	March 31, 2022	March 31, 2021	Var B/(W)	Var % B/(W)
<b>Net loss</b>	<b>\$(4,499)</b>	<b>\$(5,610)</b>	<b>\$1,111</b>	<b>20%</b>
Income tax expense (benefit)	386	661	275	42%
Interest (income) expense, net	(9)	1	10	n.m.
Depreciation and amortization	4,413	3,994	(419)	- 10%
Share-based compensation and related expense	1,621	1,491	130	- 9%
Restructuring	1,059	-	(1,059)	n.m.
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$2,971</b>	<b>\$537</b>	<b>\$2,434</b>	<b>453%</b>
Adjusted EBITDA margin	<b>7.9%</b>	<b>2.0%</b>		

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

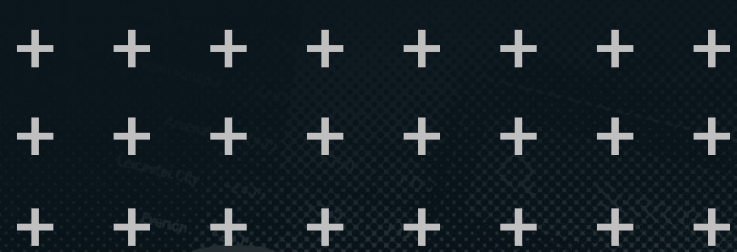
# HISTORICAL NORMALIZED REVENUE<sup>(1)</sup>

(Unaudited, in thousands of US\$)

	2Q21	3Q21	4Q21	1Q22
<b>REVENUE</b>				
Revenue	\$34,350	\$32,268	\$30,427	\$37,494
Normalized adjustments <sup>(2)</sup>	(4,231)	36	4,237	(837)
<b>Normalized Revenue</b>	<b>\$30,119</b>	<b>\$32,304</b>	<b>\$34,664</b>	<b>\$36,657</b>
<b>SPORTS MARGIN</b>				
Actual sports margin	9.7%	6.8%	4.6%	7.2%
Normalized sports margin	6.9%	6.9%	6.9%	7.0%
<b>REVENUE TO GROSS GAMING REVENUE (GGR) RATIO</b>				
Actual revenue to GGR ratio	78.7%	74.8%	67.0%	78.8%
Normalized revenue to GGR ratio	74.7%	74.7%	74.7%	75.7%

- (1) This schedule presents normalized revenue, which is non-GAAP financial measures and should be considered supplementary to the corresponding financial measures prepared in accordance with U.S. GAAP.
- (2) The adjustments are based on the effects of a normalized 7.0% and 6.9% sports margins for the three months ended March 31, 2022 and for the year ended December 31, 2021, respectively, and a normalized revenue to gross gaming revenue ratio of 75.7% and 74.7% the three months ended March 31, 2022 and for the year ended December 31, 2021, respectively, in each case equal to the annualized ratios within the B2C segment. Sports margin is the ratio of GGR to total amount wagered, which allows management to measure sportsbook performance against the expected outcome. The revenue to GGR ratio is driven by customer incentives, including free bets, sign-up and retention bonuses, and allows management to measure the impact of bonus spend on net revenue. The revenue to GGR ratio may fluctuate based on the number of new users acquired during the period.





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