Gambling.com Group  
Second Quarter Financial Results  
August 26, 2021

Presenters
Charles Gillespie, Co-Founder & CEO  
Elias Mark, CFO

Q&A Participants
David Katz - Jeffries  
Barry Jonas - Truist Securities  
Jeff Stantial - Stifel

Operator
Greetings and welcome to the Gambling.com Group Second Quarter Financial Results Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation.

If anyone should require operator assistance during the conference, please press “*”, “0” on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce Ryan Coleman of Investor Relations. Thank you, you may begin.

Ryan Coleman
Hello, everyone, and welcome to Gambling.com Group Second Quarter 2021 Earnings Results Call. I'm joined by Charles Gillespie, Chief Executive Officer and Co-Founder, as well as Elias Mark, Chief Financial Officer.

This call is being webcast live within the Investor Relations section of our website at gambling.com/corporate/investors, and a downloadable version of the presentation is available there, as well. A replay will also be available on the website, after the conclusion of this call.

You may also contact Investor Relations support by emailing investors@gdcmgroup.com.

I would like to remind you that the information contained in this conference call, including any financial and related guidance to be provided, consists of forward-looking statements, as defined by securities laws.

These statements are based on information currently available to us and involve risks and uncertainties that could cause actual or future results, performance and business prospects and opportunities to differ, materially, from those expressed in or implied by these statements.
Some important factors that could cause such differences are discussed in the Risk Factors section of Gambling.com Group’s filings with the Securities and Exchange Commission.

Forward-looking statements speak only as of today, the date the statements are made, and the company assumes no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws.

During the call, there will also be a discussion of non-IFRS financial measures. A description of these non-IFRS financial measures is included in the press release issued this morning. And reconciliations of these financial measures to their most directly comparable IFRS measure are included in the appendix to the presentation and press release, both of which are available on the Investor tab of our website.

I'll now turn the call over to Charles.

Charles Gillespie
Thank you. And welcome, everyone, to our second quarter earnings results call and our first as a public company. The successful listing of our shares, last month, on the NASDAQ Global Market was a monumental event in the company's history. And we are incredibly excited about the opportunities that lie ahead of us. To our new and prospective shareholders, thank you for your support and interest in Gambling.com Group.

We look forward to sharing our future success in the fast-growing online gambling industry with you.

I'd like to start by reviewing the highlights from our second quarter and other notable events, subsequent to quarter end.

Revenue for the quarter grew 66%, compared to last year. Through the first half of the year, revenue has more than doubled, compared to 2020, increasing 111%. Most impressively, all of our growth was organic, and we are among the fastest growing companies in the online gambling industry.

Net income for the quarter was $2.4 million, or $0.08 per diluted share, significantly better than the prior year.

Our adjusted EBITDA totaled $5.5 million, which was 46%--which was a 46% increase from 2020.

Free cash flow of $3.1 million was down, slightly, due to higher capital expenditures related to the purchase of U.S. domain names and capitalized development costs aligned with our strategy of growing our presence in the U.S. market.
We also launched new websites during the quarter, including EmpireStakes, BetArizona and IllinoisBet, which provides bettors with trusted and up-to-date state-specific information to help them find the best online sportsbook to place safe and legal wagers.

We have also completed the re-domiciliation of the business from Malta to the Channel Island of Jersey in late May. And as I mentioned after the quarter end, we completed the successful public listing of our ordinary shares on the NASDAQ Global Market in July, under the ticker symbol G-A-M-B. Shortly after, we announced the addition of Dan D’Arrigo to our Board of Directors.

Dan most recently served as the CFO of MGM Resorts International and was a member of the team that created what is now known as BetMGM. Dan’s experience as the CFO of a publicly traded S&P 500 casino and hospitality company will be an invaluable asset, as we execute our growth strategy, as a public company.

Given the recency of our IPO, I’d like to spend some time presenting an overview of Gambling.com Group. As a leading provider of player acquisition services for online gambling operators, our sites and services offer two basic but critically important functions in the online gambling ecosystem.

First, we help B2C online gambling operators achieve their player acquisition targets by referring online sports betting and online casino players to them. And second, we simultaneously help those players by providing them with up-to-date information and tools to help them make the right choice when choosing an online gambling company, ensuring that they get a quality entertainment experience from a responsible company.

Our leadership status is validated by the growing importance of our service to B2C gambling operators and the financial performance we have achieved as a result.

In 2020, our revenue totaled $28 million, of which roughly 65% was derived from either hybrid or revenue share agreements, where we are entitled to an ongoing share of the future net gambling revenue of each of the referred players that we have sent to those operator clients.

From 2017 to 2020, we have compounded our top-line at an annualized organic growth rate of 35%.

In 2020, we grew 45% year-on-year, gain, all of which was organic. These figures serve as a testament to our proprietary technology platform and the high-quality content available at our branded destinations.

At the same time, unlike many in the industry, we are extremely profitable. We generated $14.6 million of adjusted EBITDA in 2020, a margin of 52% and generated free cash flow of
$10.8 million, as well. We have already nearly matched those results, through the first half of 2021.

Through the first six months of the year, we have generated $12.6 million of adjusted EBITDA and $9.5 million of free cash flow. We are a global company with offices in Dublin, Malta, Charlotte and Tampa. And we employ a global workforce of more than 150 full-time team members.

We have launched over 30 websites, across 13 different markets and in 6 different languages, and we referred over 100,000 new depositing customer accounts to our online gambling operator clients in 2020.

For those of you following along with the slides, I'm now on Slide 6. While this may be our first earnings call as a public company, we have been in the business since 2006 and we are an established global player in a rapidly expanding industry. We have built an affiliate marketing powerhouse for the global online gambling industry, with widely recognized brands.

We have leveraged these premium brands, including Bookies.com and the iconic Gambling.com to establish leading positions, across our markets. Our main markets include the United Kingdom, Ireland, the U.S. and Canada, as well as several other European markets.

We've experienced recent growth across all of our market segments, with particularly strong growth in Other Europe and North America. We're also very excited about the Netherlands, which is expected to come online, later this year.

And as online gambling legislative momentum continues to build in the U.S., we expect to grow our share in what is expected to be the largest online gambling market in the world and our number one priority growth market.

Over 200 different online gambling operators currently use our services to support their customer acquisition efforts, including the most recognized names in the industry, such as DraftKings, FanDuel, BetMGM, Caesars, PointsBet and many more.

I'm now on Slide 7. A critical piece of our success has been our technology-first strategy. Our investment in our technology solutions, over the years, has resulted in an internally developed proprietary platform that offers us a wide moat, compared to our peers.

It is what drives our outperformance, in terms of organic revenue growth and differentiates us from our competition.

This platform mainly consists of four distinct components, each one of which was developed internally, and was purpose built to help us operate efficiently and continue to scale. We have a
gambling specific content management system that acts as the central repository for all of the content we produce and publish.

We have an in-house publishing system, which makes our website ultra-fast and ensures consistent and high-quality execution of our search engine optimization strategies.

We also have a bespoke advertising server, which helps us manage the timing and appearance of the offers from our B2C gambling operator clients, across our network of websites.

And finally, through our carefully refined business intelligence system, we have clean data to understand the user intent and behavior, across our network and power our next generation optimization technology, which is based on modern data science, and machine learning strategy.

When combined, these sophisticated tools help us determine the most profitable path for each player that visits our websites, a process that has been optimized, over the past 15 years.

Critically, these tools allow us to control the traffic flow of players we refer to online gamblers and efficiently manage risks, like customer concentration.

Now on to Slide 8. Our growth strategy centers around three core initiatives. Number one is our planned expansion in the United States, pursuing market share by deploying assets on both a national and state-based level, as well as adding U.S. content to our international destinations. The U.S. is the future of the global online gambling industry and is our main priority.

Second, is growing our global strategic presence, targeting regulated markets with significant growth potential, and increasing our share in more mature markets, such as Australia, the UK, Italy, Austria, Switzerland and Germany. It also includes our entrance into new countries that come online, such as the Netherlands.

We are, particularly, excited about the regulation of online gambling across a variety of Canadian provinces. In Ontario alone, there's a population of more than 13 million people, equivalent to the population of Pennsylvania, which is the fifth largest state in the U.S.

And third, we plan to pursue strategic acquisitions targeting under-monetized digital media assets with strong user engagement.

We are also evaluating a more opportunistic growth strategy in areas of the world like Latin America. The bottom line is that our technology platform is market-agnostic and affords us a strong starting position in new markets, where regulation comes online.

Now on to Slide 9. We are uniquely positioned to grow market share and what we, ultimately, expect to be the world's largest online gambling market, the United States. We have, culturally,
been an American company since inception with American co-founders and more American members of our senior management team, than any other nationality.

We are also already licensed to operate and currently active in 10 states and will seek licensing in all U.S. states, where we expect a viable and legal market. We look forward to the start of pre-registration in Arizona, this Saturday.

When competing in a large and competitive market, visibility recognition and trust with consumers is essential. The domain Gambling.com has been the category defining name for the industry, since before the regulation of online gambling in the U.S. It is a unique and one-of-a-kind asset and there is only one Gambling.com.

Similarly, we have positioned Bookies.com to be a leading destination for sports betting content in the U.S. Gambling.com is a highly profitable historic mainstay of the online gambling affiliate world, and we intend to elevate Bookies.com to the same position.

And lastly, we possess an experienced management team with a flawless track record. Myself and my Co-Founder, Kevin McCrystle, have been with the business since inception as CEO and COO. We will leverage our 15 years of experience in the global online gambling industry to achieve a leading position in the U.S. market in the years to come.

On to Slide 10. For context, the global online gambling industry in the U.S. is expected to grow at a compound annual growth rate of 39% between 2019 and 2025. That compares to the global expectation of 10% per year, over the same time period. Industry forecasts expect the markets to reach roughly $16 billion by that time, and possibly $30 billion at maturity. On top of that, the potential for online share of the total market to grow is massive.

Today in the U.S. the proportion of overall gambling revenue that comes from the online segment is tiny at just 2% to 3% and expected to grow to 10% by 2025. We believe the UK serves as a high-quality proxy for the potential for online uptake in the U.S. over the coming years.

The UK, which is our most mature market and where we have operated the longest, online gambling in the UK, online gambling constitutes nearly 50% of the total gambling market today and is expected to continue to grow to nearly 60% in 2025.

Clearly, there is a massive opportunity in the U.S. for the transition away from land-based gambling to online gambling.

In short, we are an established high growth and highly profitable global player in a rapidly expanding industry. And we are just starting to grow our share in what is the fastest growing and is expected to be the largest online gambling market in the world.
We have a proven and scalable model, backed by proprietary technology solutions that drive our success.

And we have a prudent management team with an acute knowledge of the U.S. market, as well as a global presence. The global online gambling market, and particularly the U.S. market, is an area of massive growth. And we are uniquely positioned to thrive, regardless of which online gambling operators prevail as the market leaders.

With that, I'd like to turn the call over to our CFO, Mr. Elias Mark.

**Elias Mark**
Thank you, Charles, and welcome, everyone. I will start with a review of our second quarter financial performance, before discussing our outlook. And we're on to Slide 11.

Total revenue in the second quarter increased 66% to $10.4 million, compared to $6.3 million in the comparable period in 2020. In constant currency the growth rate was 52%. The increase was driven by improved monetization of new depositing customers, which we attribute to both technology improvements and changes in product and market mix.

Total operating expenses increased to $7.2 million, compared to $3 million in the prior year. Sales and marketing expenses totaled $3.1 million, an increase of $1.5 million, compared to 2020. This was driven by increased wages and salary expenses associated with increased headcount, as we invest in the company's organic growth initiatives.

Technology expenses totaled $0.9 million, compared to $0.5 million in 2020, mainly the result of higher wages and salary expenses, associated with increased headcount to support product development.

General and administrative expenses totaled $3.4 million, compared to $0.9 million in the prior year, mainly driven by non-recurring expenses associated with the public offering of the company's stock, as well as the expansion of the senior management team.

Operating profit in the second quarter decreased 3% to $3.2 million, compared to $3.3 million, in 2020. Operating profit was impacted by the non-recurring expenses related to the public offering, which totaled approximately $1.5 million in the quarter.

Net income in the second quarter totaled $2.4 million, or $0.08 per diluted share, compared to a net loss of $0.4 million or a loss of $0.02 per diluted share in the prior year. The increase was the result of lower financing expenses, as well as fair value movements affecting the comparative period in 2020.
Adjusted EBITDA in the second quarter increased 46% to $5.5 million, compared to $3.8 million in the prior year. The increase was primarily the result of growth in revenue, compared to the prior year.

Total cash generated from operations of $4.7 million increased 47%, compared to $3.2 million in the prior year. The increase was driven by improved adjusted EBITDA, compared to the prior year.

Free cash flow, defined as total cash generated from operations, minus capital expenditures, totaled $3.1 million compared to $3.2 million in the prior year. The decline in the free cash flow was the result of increased capital expenditures, related to the acquisition of two U.S. domain portfolios, as well as capitalized development cost, which is consistent with our strategy of expanding our U.S. assets to support our growth initiatives.

New depositing customers in the second quarter increased 4% to roughly 26,000, compared to the prior year.

Cash balances, as of quarter end, totaled $17.2 million, an increase of $9 million, compared to $8.2 million at the end of December 2020. Total borrowings as of June 30, totaled $6.1 million, compared to $6.0 million as of December 31, 2020. And subsequent to quarter end, we raised $42 million, before operating expenses in the public offering.

On to Slide 12. For the first half of the year, our revenue more than doubled, compared to the first half of 2020. Meanwhile, our adjusted EBITDA nearly tripled, as our free cash flow, despite the increased capital expenditures.

New depositing customers totaled roughly 62,000 in the first six months, compared to 41,000 in the comparable period in the prior year.

Slide 13. For the year 2021 to 2023, we're targeting an average annual revenue growth to exceed 40%. In our European, business we target growth faster than the overall European gambling market over business cycle. In the United States, we expect to take market share and to become a significant actor in the market, over the long-term.

At the same time, we are targeting an average adjusted EBITDA margin of no less than 40%. It's important to note that our adjusted EBITDA margin may deviate from that target from time-to-time, as we scale investments to support our U.S. expansion.

Lastly, we target a net debt-to-EBITDA leverage ratio of under 2.5x. At the moment, we have negative net debt and significant cash balances following the IPO.

On Slide 14. For the full year 2021, we're on track to exceed our 40% revenue growth target and expected to achieve our 40% adjusted EBITDA margin target. The outlook is based on
information currently available to us and does not factor in either potential acquisitions or additional borrowings.

It’s also important to keep in mind that first and fourth quarters are seasonally our stronger quarters, based on weather in the Northern Hemisphere and the calendar of international sporting events.

We are very focused on executing our growth strategy, which includes increasing our penetration of the U.S. market, gaming market share in our current footprint of regulated markets in Europe and Australasia, while we maintain a strong market position; and also, entering the Ontario and Netherlands markets after legalization of online gambling that’s coming.

As you can tell from our comments, we are very excited about the opportunities ahead of us, and why we fit in the global online gambling ecosystem. We’ve built a highly successful and very profitable business, over the past several years, and we’re eager to take our next step, as a U.S. listed public company.

With that, we will be very happy to take questions.

Operator
Thank you. We will now begin conducting a question-and-answer session. If you would like to ask a question, please press “*”, “1” on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press “*”, “2” if you like to remove your question from the queue.

For participants using speaker equipment, it may be necessary to pick up your handset, before pressing the star keys.

One moment, please, while we pull for your questions. Our first question comes from the line of David Katz with Jefferies. Please proceed with your questions.

David Katz
Hi, good morning, everyone. I wanted--two questions, please. The first is, just a little bit more perspective and detail around NDCs and revenue per. Just given the nascent stage of your business, how you might give us some input or advice on how to model those would be really helpful.

Charles Gillespie
Hi, David. If you look at NDCs in the quarter, they grew 4% year-on-year, and if you look back a year ago, and really from Q2, 2020, all the way through to the end of Q1, ’21, we had very significant COVID-19 related measures in place, particularly in the UK, which is our largest market.
So, those measures did drive increased demand over the comparable period. And that effect is largely gone, as it is almost entirely gone, as of Q2.

So, despite that we still grew a bit in terms of NDCs and we are positive on the outlook for NDCs into the end of the year. But one of the most interesting things about the quarter was that we grew the revenue per NDC, so much. And that— we really attribute that to two things.

First, better sales. We’ve onboarded a bigger team, and they have pushed things a little harder with the clients. They've sold quite a bit of kind of other revenue types, so tenancies, fixies etc. But the main driver is technology.

We have, through our understanding of the behavior of the traffic on the websites, been able to apply some sophisticated data science to model out the optimum combination of operators and traffic to increase vast yields and drive a higher revenue per NDC, than before.

David Katz

Got it. And my second question is really around M&A, right? If we're looking at the guidance, and listening to the commentary and putting pieces together, it suggests that there is some M&A in front of you. How has any of that changed, let's say over even the past 30 days?

There have been a number of deals on the wire, in terms of valuation and demand for them, etc. And anything qualitative to give us a picture of the next couple of quarters would be helpful?

Charles Gillespie

Yeah, well, as we were coming into the close of the IPO, we were obviously extremely focused on the IPO and really put a lot of the M&A conversations on ice. And as soon as the IPO was done, it was time to dust off the contact list and a perfect occasion to get back in touch with a number of people that we had spoken to in the past and also begin touch base with a variety of people in the industry to let them know that we are in the market, and we are looking for the next greatest thing. So, that has been really positive.

And at this point, it's safe to say that we've got a variety of conversations in progress. We have a pipeline of options, and we have options that are at different stages, within that pipeline. In general, we're not trying to do as many deals as some of our peers have done.

Generally speaking, we would favor doing fewer bigger deals, as it's just simply easier to execute on. Lots of small deals can be tedious. But we--our outlook on M&A is positive. We—that was one of the purposes of the transaction and it's been great to have more in-depth conversations, now that the IPO is completed.

David Katz
If I can just follow that up, interesting perspective that you are picking it back up again, post the IPO. Do you sense any perspective on the change in price and have they gone up, or are things pretty much right where you left them?

Charles Gillespie
I'd pay for this. I can't, obviously, get into any specifics. But obviously, the Golden Nugget deal and the Score deal turned a few heads. I can't say we're not looking at anything of that size. But there hasn't been any meaningful change in expected price in the last three weeks.

David Katz
Got it. Okay, thank you very much.

Operator
Thank you. Our next questions come from the line of Barry Jonas with Truist Securities. Please proceed with your questions.

Barry Jonas
Alright. Thanks and congrats, guys, on your IPO and first quarter out. So first, can you talk about how much revenue came from Germany in Q2 and maybe give your outlook for that market, going forward?

Charles Gillespie
Elias, do you want to jump on that?

Elias Mark
Yeah. I'll jump in. We performed pretty strongly in Germany in the first six months. There has been some—obviously, with the new regulations coming into play, there's been a little bit of volatility and a bit a shift away from revenue share based agreements towards CPA because of regulatory pressures.

But we've done fairly well, and we expect that market to survive and thrive, even though it comes under a little bit of pressure with the current uncertainty of what the regulatory environment will look like.

If you look at our Other Europe segment, Germany is the largest component in that, in terms of revenue.

Barry Jonas
Got it. Okay. And then a second question. You mentioned the Golden Nugget and the Score deal. Would love to get your take on the increasing operator consolidation we're seeing in the U.S. and maybe how you think that impacts you and the affiliate markets’ progression?

Charles Gillespie
We've seen operator consolidation for many, many years. This is hardly a new phenomenon. And if you look to the big guys like Flutter and Entain, these are online gambling conglomerates with many different consumer-facing brands, and we worked with many of those brands, before they were added to those bigger companies, and we continue to work with them, now.

So, the kind of bottom line is that, even as these consumer-facing brands get some--tend to get aggregated under one corporate umbrella, it doesn't really change a whole lot for us because the owners, regardless, want to drive growth in player acquisition of those assets.

And in many cases, we'll be talking to different teams within those organizations, which are, frankly, competing to put up the best figures.

**Barry Jonas**
Got it. Great. And just a quick clarification. Your financial targets for '22 and '23, does that include M&A?

**Elias Mark**
Yes.

**Barry Jonas**
Great, alright, thanks so much, guys, and congrats, again.

**Charles Gillespie**
Thanks, Barry.

**Operator**
Thank you. Our next question is coming from the line of Jeff Stantial with Stifel. Please proceed with your question.

**Jeff Stantial**
Great, thanks. Good morning, Charles, Elias. Thanks for taking the questions and congrats on the nice results in your first earnings, here. I wanted to start on near-term demand trends. Specifically, we've heard from some of your peers that July is on a bit of a D-cell, in terms of year-on-year growth, mostly give us some difficult compares.

Can you just talk about what you're seeing in the business, let's call into Q3?

**Charles Gillespie**
I don't think we want to comment too specifically, but it is the height of summer, right? July and August tend to be some of the slowest months of the year. And I think ourselves and our peers are very focused on September and what the start of NFL and the launches of new states in the U.S. is going to look like.
Jeff Stantial
Okay, great. That's helpful. Understood. On that note, talking about the seasonally slow summer months, we've also heard some potential headwinds, as other leisure options reopen. Really specifically in the UK, we've heard some commentary from some of the online operators over there, that the bars, etc., are reopening, have hampered a bit of demand.

Is that something that you've seen in the late Q2, early Q3, and are there further sequential risks, here? Do you think this trend has mostly played out, if you look across your various markets?

Charles Gillespie
Go ahead, Elias.

Elias Mark
Yeah, I agree. I think it has played out. We've provided some commentary in the prospectus about exacerbated headwinds in casino demands from the easing of COVID restrictions, which took effect, kind of mid Q2, and we see that flowing through to Q3.

I mean, it's a reversal of the trend of increased casino demand that we saw during Q2 2020, to Q1, 2021. So, it's more of a back to normal than a massive drop, I would say.

Charles Gillespie
The pubs in the UK reopened around early April. So that, since then, it's--we--it's not going to--that effect has been present, since April.

Jeff Stantial
Perfect, understood. Very helpful and encouraging. Thanks for all the color, guys.

Charles Gillespie
Our pleasure.

Operator
Thank you. There are no further questions, at this time. I'd like to hand the call back over to Charles Gillespie for any closing comments.

Charles Gillespie
Thank you again, to everyone for joining us today. We really appreciate your support and interest in Gambling.com Group, and we look forward to updating everyone on our next quarter. Have a great day.