

**Gambling.com Group**  
**Third Quarter 2024 Earnings Conference Call**  
**November 14, 2024**

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**Presenters**

**Peter McGough, SVP, IR & Capital Markets**  
**Charles Gillespie, Co-Founder & CEO**  
**Elias Mark, CFO**

**Q&A Participants**

**Ryan Sigdahl - Craig-Hallum Capital Group**  
**Barry Jonas - Truist Securities**  
**David Katz - Jefferies**  
**Aaron Lee – Macquarie**  
**Aidan Youngs – Stifel**

**Operator**

Greetings, and welcome to the Gambling.com Group Third Quarter 2024 Earnings Conference Call.

At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. Should anyone 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 your host, Peter McGough, Head of Investor Relations. Thank you. You may begin.

**Peter McGough**

Hello, everyone, and welcome to Gambling.com Group's third quarter 2024 results call. I am Peter McGough, Senior VP of Investor Relations and Capital Markets. I am joined by Charles Gillespie, Gambling.com Group's Co-Founder and Chief Executive Officer, and Elias Mark, Chief Financial Officer.

This call is being webcast live through the Investor Relations section of our website at [Gambling.com/corporate/investors](http://Gambling.com/corporate/investors), and a downloadable version of the presentation is available there as well. A webcast replay will be available on the website after the conclusion of this call. You may also contact Investor Relations support by emailing [investors@gdcgroup.com](mailto:investors@gdcgroup.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 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 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 measures is included in the press release issued earlier this morning. And reconciliations of these non-IFRS financial measures to their most directly comparable IFRS measures are included in the appendix to the presentation and press release, both of which are available in the Investors tab of our website.

I'll now turn the call over to Charles.

### **Charles Gillespie**

Good morning. Thank you for joining our call. Gambling.com Group delivered stronger than expected performance across all of our operating regions, leading to record third quarter revenue of \$32.1 million and record adjusted EBITDA of \$12.6 million, representing year-over-year growth of 37% and 108%, respectively.

The company's diversified market exposure and thoughtful casino first allocation of capital set the stage for this performance, and our first rate team's relentless focus on execution drove these results. Our global portfolio of websites has never been better at driving high intent traffic to our online operator customer base.

iGaming revenue continued its strong growth trajectory across all our operating regions, while North America, overall, held flat year-over-year, despite challenging comparisons to the third quarter in 2023. Free cash flow reached a new record of \$14.2 million in Q3. The third quarter results underscore Gaming.com Group's strong global position within the online gambling ecosystem.

We remain beneficiaries of the long term trend toward digitization in entertainment and advertising. While these macro level tailwinds help everyone in our sector, it is the leadership, technology, and people at Gambling.com Group which set us apart from our peers and have resulted in yet another quarter of best in class performance.

I want to remind investors of our proven ability to use our assets, technology and process to organically grow revenue and profitability and gain market share with industry leading capital

efficiency. Successful ramps in European markets like Italy exemplify this approach, and we are confident we will continue to win with this playbook on both sides of the Atlantic.

In North America, New Jersey, and Pennsylvania are perfect examples of markets where we have gained substantial market share, despite not being present at launch.

Our showcase brands like Gambling.com and Bookies.com showed their strength in the quarter. We are confident that Casinos.com will continue its steady march forward and help us gain additional market share with another premier brand, putting even more distance between us and our competitors.

For the better part of 20 years, our core strategy has consistently prioritized the following in this order. Number one, organic growth in iGaming, across regulated markets. Number two, organic growth in sports betting across regulated markets, which also offer iGaming. And number three, highly targeted acquisition opportunities where we can gain scale, new market expertise, or technology.

The singular and quite significant exception is U.S. sports betting. In a powerhouse display of our ability to execute and drive market share in the most contested and strategic market in the world, we grew our U.S. sports betting business from a few million to over \$60 million in just a few years. We did not, however, lose sight of our core priorities. And now that growth in North America has temporarily slowed, our assets outside the U.S. have taken back the baton and continue to drive us forward.

Our growth target of achieving \$100 million in adjusted EBITDA remains unchanged. Our growth drivers, which will help us achieve this next milestone, are continued market share growth, further regulation of both iGaming and online sports betting in the U.S., such as the recently approved ballot measure in Missouri for sports betting, as well as in other key international markets, continued international expansion in both our existing and new markets, and ultimately targeted M&A that broadens our footprint in the online gambling ecosystem. I'm confident that with the right accretive M&A transactions, we may even be able to achieve the target earlier than our own initial expectations.

Our confidence in our near and long-term outlook is highlighted by the brisk pace of share repurchases activity we've undertaken over the last two years, as we repurchased over 8% of our outstanding shares during that time.

Reflecting our strong year to date performance, we raised guidance with the midpoints of our updated range indicating revenue growth of 16% and adjusted EBITDA growth of 29%. Our balance sheet and cash flow position us to continue repurchasing shares and pursuing accretive M&A.

Now, let me turn the call over to Elias for a review of the third quarter financial highlights and details on our revised full year outlook.

### **Elias Mark**

Thank you, Charles. Revenue of \$32.1 million was a third quarter record as we delivered over 116,000 NDCs to customers, up 35% year-over-year. The 37% year-over-year revenue increase was driven by growth in iGaming across all regions. Revenue in the UK and Ireland rose 43%, other Europe was up 192% and the rest of the world increased 99%, driven by our core brands and benefits from our acquisition in April of Freebets.com and related assets.

North America continued to show resiliency as was flat against challenging comparables. Gross profit increased 43% year-over-year, or just over \$9 million to \$30.4 million. Cost of sales was \$1.7 million down 21% year-over-year, as a result of lower partnership revenue that was slightly ahead of our expectations for the quarter. Gross margin increased to 95% from 91% in last year's third quarter.

Total operating expenses increased 25% to \$20.8 million, reflecting increased headcount across sales, technology and G&A and increased amortization expenses related to the Freebets.com acquisition. Operating expenses were slightly below our expectations for the quarter as some planned hires were moved into the fourth quarter.

Adjusted EBITDA increased 108% year-over-year, to an all-time record of \$12.6 million, compared to \$6.1 million, a year ago. Third quarter adjusted EBITDA margin was 39%, up from 26% a year ago. Adjusted net income for the quarter of 2024 rose 65% to \$8.9 million from \$5.4 million in the year ago period, while adjusted diluted net income per share increased 79% to \$0.25 from \$0.14 per share in the third quarter of 2023.

Free cash flow was also a quarterly record \$14.2 million, compared to \$1.6 million in the third quarter of last year, as a result of the 108% growth in adjusted EBITDA and significant positive working capital movements, due to timing differences.

During the third quarter, we repurchased 1.3 million shares at an average price of \$9.35 per share and subsequent to the quarter, we repurchased a further 486,000 shares at an average price of \$9.80 per share.

Since the implementation of our share repurchase program in November 2022, we have repurchased 3.3 million shares at an average price of just about \$9, representing more than 8% of the total outstanding shares. Today, our board authorized an additional 10 million for future share repurchase activities.

As of September 30, we had total cash of \$15.7 million, an \$8.2 million quarter-on-quarter increase. On October 1, we made a second payment of \$10 million to XLMedia for the

acquisition of Freebets.com. As a result, we have now drawn down a total of \$25 million on our \$50 million credit facility.

This morning, we raised our guidance for 2024 revenue to \$125 million to \$127 million with the midpoint representing 16% year-over-year growth. The midpoint of our new higher adjusted EBITDA range of \$46.5 million to \$48.5 million represents 29% year-over-year growth. While we expect year-over-year revenue growth and very strong adjusted EBITDA growth overall in Q4, we have discussed previously that we have another two quarters of challenging comps in North America, specifically, ahead of us.

Last year's fourth quarter included a substantial contribution from media partnerships that really accelerated in the period and there was the major launch of ESPN BET in 17 states in Q4 of last year. In addition, Kentucky launched sports betting in late September 2023.

For the full year comparison, you also need to consider that three new states launched in 2023, and this year, there's only been North Carolina. Taking all of those factors into consideration, we expect full year North America revenue will be down compared to 2023, but will outperform our internal model after the Google policy changes in May.

As Charles highlighted, heading into 2025, we expect a resumption of North American market growth, further market share gains and stronger momentum as we exit 2025.

Finally, our fourth quarter guidance does not include contributions from any new acquisitions or any new market launches. We now expect full year cost of sales of \$7.5 million, of which \$5.4 million was incurred in the first nine months of the year, and our guidance assumes an average euro to USD exchange rate of 1.065 for the fourth quarter of 2024.

We'll now turn the call over for questions. Operator.

### **Operator**

Thank you. We will now be 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 that your line is in the question queue. You may press "\*", "2" if you would 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 poll for questions.

The first question is from Ryan Sigdahl from Craig-Hallum Capital Group. Please go ahead.

### **Ryan Sigdahl**

Charles, Elias, good day and very impressive results. I want to start with the strong iGaming growth in the UK and Europe. You mentioned some of the organic initiatives, new countries. How much of that is the organic business versus Freebets? And then on the Freebets integration, curious what you guys are seeing because I believe it was basically a no growth

business when you bought it. Just how you feel about that integration and the path forward there? And I have a follow-up.

**Charles Gillespie**

Thanks, Ryan. UK and Ireland was very strong. About half of the growth there was organic. So in the quarter, we had about 40% odd in in growth in that market and, yeah, roughly half was organic. The Freebets acquisition has been fantastic. We pushed our team to get it fully integrated in six months, and they did it.

So it's done, and it's now, running on the, our technical platforms, and it's got our ad tech and all our people all over it. That acquisition, in particular, we had there's kind of two sides to it. There's the legacy revenue share from all the players that have been referred for the better part of 20 years, at XLMedia. And then there's the actual new players, the NDCs that these assets produce on a month to month basis.

The legacy rev share is very healthy. The new NDCs only brought the business were below their potential. And now that it's on our stack of tools, those KPIs have quite substantially increased, but it's from a low-ish base. So it's not it's not going to have an enormous immediate impact, but it's very, very much headed in the right direction, and it's very encouraging for what we can achieve with this acquisition or any other acquisition where the, where the sellers just aren't utilizing all the traits in the book to run these businesses as best as they can be operating.

**Ryan Sigdahl**

Thanks, Charles. For my follow-up, I normally wouldn't want to deviate with the conversation away from your own strong execution results here, but there's a lot of noise in the market. A couple of your peers are having significant challenges and workforce reductions, etc. Are you able to--we've done our own compare and contrast between you guys and them, which shows favorably for you, across all of those.

But are you able to give some thoughts, I guess, on the differences between your business and the peers, specifically BETCO and Catena? I think that would be helpful for the market here.

**Charles Gillespie**

Yeah. To be clear, we raised guidance this morning, and there are other affiliate companies out there which are also performing well. There are no sector specific headwinds. The Online gambling affiliate business, globally, is alive and well. But that said, certain players who have had high concentration on either specific product market cohorts or specific traffic channels, which have been disrupted, have had some recent challenges.

There has been absolutely no disruption to the tried and true organic search strategy that we know and operate so well. And while there have been some headwinds in the North American sports market, these were fully expected by us. And our investments over the past two years

were made to ensure that we had growth drivers in iGaming and outside of North America in 2024.

But, I think the biggest difference between us and so many peers is we are an organic growth strategy. We achieved our current scale with very substantially fewer acquisitions, compared to our competition who has operated something closer to a roll-up strategy. We have a strong heart and soul of this business built up around our core technology platforms and brands, and any M&A we do is bolted onto that core, ensuring that it has vision and firm hands, going forward.

**Ryan Sigdahl**

Great, Charles. Well done. That's it for me.

**Operator**

The next question is from Barry Jonas from Truist Securities. Please go ahead.

**Barry Jonas**

Hey, guys. Curious in the context of some of the noise in the marketplace, how you would characterize the M&A pipeline for you guys today, maybe contrasting between both domestic and international.

**Charles Gillespie**

We are as busy as we've ever been on the M&A fronts. Lots of interesting stuff out there. There's kind of fewer people buying these affiliate assets than there's been in a long time. So I think it's a little bit of a buyer's market. We've tried to make the point, throughout this year, that we're looking at more than just affiliate stuff.

Another Freebets.com would be great, but the affiliate business is in a really fantastic place. We're starting to think a little more broadly about what else we could sell to our B2C users on our websites or our B2B customers. And, when you widen out the aperture in terms of what we might consider, there's a whole--there's a much larger scope of things that could make sense for us.

**Barry Jonas**

Great. And then, just as a follow-up, we've been hearing a lot recently about, both sweepstakes, as well as predictive markets. Not sure to what extent you work with either, but wanted to get your thoughts on both of them from an affiliate perspective.

**Charles Gillespie**

Yeah. I think the engagement and popularity of these sweeps casino products really highlights the enormous consumer demand for casino style games in the United States. And with a bit of luck, it will be a catalyst to spur additional states to legislate iGaming. As with everything, we're

very picky, but we do work with certain sweeps casinos where they can satisfy our KYC and legal requirements, and we only do it in markets where it is allowed.

**Barry Jonas**

Great. And any thoughts on those, predictive markets that were just a focus with the election?

**Charles Gillespie**

Yeah. I mean, there's--I think they have a bright future. It's not something, we're not working with anyone directly at the moment. But, I've certainly been banging the drum, internally, about developing those relationships. And I think I think we will.

**Barry Jonas**

Great, thanks so much, guys. Congrats on a nice quarter.

**Operator**

The next question is from David Katz from Jefferies. Please go ahead.

**David Katz**

Hi. Good morning. Congrats, everyone. Thanks for taking my question. Look, I do think it's appropriate, I know we've discussed this offline, but to just revisit your business algo in the context of a rapidly growing U.S. sports market, albeit volatile and perhaps a slower growing iGaming market. Talk us through how your business can grow and whether it continues to outgrow what we're seeing in in North America and exactly how that works, I think, would help. Thanks.

**Charles Gillespie**

Hey, David. Well, iGaming in North America is doing just fine. And we've had some real--we've had some extremely healthy market share gains in our North American iGaming business, this year. Sports does have some headwinds. It is it is down year-on-year, but there's still growth inside North America for us.

We've got one more challenging comp in Q1 of next year in North America, and then we expect to see the business in North America return to growth for the rest of the year, double-digit growth. And that's before any new state launches or additional gaming products added to existing states. So, you got to really kind of drill into the product to understand the drivers in the North American market.

**David Katz**

Understood. And if we could just briefly just touch on Brazil since it's been such a topical market and across the market. What is your sort of entry thoughts and strategy around that? And I do think it's worth double clicking here, too. Thanks.

**Charles Gillespie**



Yeah, it certainly has been there's been no shortage of headlines about Brazil. It's not a market where we do very much at the moment. We have a Brazilian version of Gaming.com. It's more of a kind of probe into the market just to see kind of what comes back, collect a bit of data, see what kind of engagement we get, but it's not it's not a meaningful part of our business at all. There has been a lot of focus on the regulation in Brazil, and it's important to understand how much these markets change when they regulate.

Before regulation, nobody's paying tax. So it's an incredible money making opportunity. There's also no formal regulation. Then all of a sudden, there is tax, and there's quite a few taxes in Brazil. And the player values come down and regulators obviously impose reasonable policies on the market and everything starts to change. And it's a disruptive time, if you have a large existing business in the market before it regulates, in contrast to the U.S. where there is no business before it regulates because it's a clear black and white situation.

Virtually all of these international markets, it's a shade of gray to white, not black to white. So from our perspective, it's still really interesting, but it's--we did a few things down there, but we don't have high conviction at the moment to move, and we need to see where everything settles. There's a headline just this morning about the attorney general in Brazil attacking the regulation.

So, as and when there is actual true full launched regulation in Brazil, I think that'll give us the confidence to assess how aggressive we want to be. But at this point, we're on the sidelines watching closely.

**David Katz**

Okay, well done. Thank you very much.

**Operator**

The next question is from Chad Beynon from Macquarie. Please go ahead.

**Aaron Lee**

Hey. Good morning. This is Aaron on for Chad. Thanks for taking our question and nice execution this quarter. So as you noted, Missouri recently voted to legalize sports betting. Can you just talk about your expectations for that state in the context of what should be a favorable tax rate and also how you're thinking about any new state regulation in 2025? Thanks.

**Charles Gillespie**

Sure. So Missouri is less than 2% of the U.S. population. It's not going to be a massive new state launch, but it'll obviously be helpful. It is a very attractive sports betting regime, multiple operators, reasonable taxes. So that's helpful. We have media partnership assets in Missouri, which will be very relevant and useful here. So all in all, no doubt it'll be a--it'll be another successful new state launch for us.

Beyond Missouri, we've got our eyes on Minnesota. It looks like momentum is building. We maybe, we might finally have a peace proposal from the tribes to get on board for the legislation and get something done, which would be great, in terms of sports betting. Texas is a big one, next year. There's all sorts of people speculating on what's going to happen.

The lieutenant governor has been a big blocker on this, and it sounds like we he leave to join the Trump administration. But then the next question is who's going to replace him? Is it someone who's actually more favorable, or is it someone that's going to block in the same way that he did? Anything could happen there, but that's obviously going to be a big focus for the whole industry.

Apart from that, New York iGaming definitely has a chance. There was some momentum in early 2024 about this, and I think 2025 very well could be the year for New York iGaming, but it's New York. It comes with that high water in tax which, for sports betting, is debilitating. But for iGaming, it's very frustrating, but less debilitating. And there might be an okay market in New York for iGaming, even with a very high tax rate.

**Aaron Lee**

Great. Thanks. Appreciate the color on that. As a quick follow-up, can you just discuss some performance trends in some of your newer markets like Greece and Romania? And, also any market launches outside of the U.S. that we should be mindful of coming up, ex Brazil?

**Charles Gillespie**

Sure. Yeah, in Europe, we've had some nice growth in Italy, the Netherlands all the German speaking areas. Greece and Romania are still quite new for us because we have a very clear path to grow. In the Americas, we're starting to think about things like Colombia, Peru. We have a , a website for Mexico, and that's headed in the right direction. So, yeah, we will be entering more and more markets in 2025, markets we haven't been in previously and will be hitting our stride in markets that we entered, this year.

**Aaron Lee**

Okay, great. Thanks, Charles. Nice quarter.

**Operator**

The next question is from Jeff Stantial from Stifel. Please go ahead.

**Aidan Youngs**

Good morning. This is Aidan Youngs on for Jeff. Thanks for taking our question. Can you just update us on how you're seeing Google enforcement on tighter media partner restriction trends? Sort of looking at the cost of sales guide was raised about \$1 million. So was that more a function of uncertainty in guidance back in Q2, or are you seeing changes in overall enforcement by Google? Thanks.

**Charles Gillespie**

Yeah. I think the dust has settled on the Google policy change from May. We took quite a conservative view at that time, lowered guidance, and it hasn't been as bad as feared. With all--with everything in the world of organic search, it ebbs and flows. It's not every week, the rankings are a little bit different, sometimes a lot different.

These assets still have good value and we've seen some momentum with the media partnership assets here in November. So, it remains an important part of the business, but it's not going to be--when you look back to Q4 last year when it was absolutely flying as a proportion of our overall revenue, it certainly peaked and we're not expecting to see anything like that, again.

**Aidan Youngs**

Great. Thank you. And we've seen some recent traction for a casino legislation in France. So could you provide some thoughts on the potential opportunity there?

**Charles Gillespie**

Yeah, I know. I live in Monaco. So, I'm sitting here kind of watching the whole thing unfold. Unfortunately, the land-based Casinos didn't like what they saw, thought it was a threat to their business, and made a big stink about it, and it's not happening this year. So, unfortunately, it's on ice, but I think France is one of, if not the only EU country that doesn't have regulated iGaming. I think maybe there's two if you look at some of them.

But, it'll come. It will come next year. I don't know. But, it's a good example to bring up here. We haven't, as I laid out in my prepared remarks, we do not target markets which are sports betting only. France is sports betting only. We don't target France. We've never done anything in France.

If they had iGaming, it gets super interesting. And all of a sudden, the unit economics are very attractive and there's a lot of money to be made and we'll be in there on day one. And, of course, the exception to that is U.S. sports betting. But that's a strategic investment in the future of iGaming in the United States. So, we haven't we haven't lost any money in France, which is the kind of key thing.

**Aidan Youngs**

Great, thank you for the color.

**Operator**

This concludes the question-and-answer session. I would like to turn the floor back over to Charles Gillespie for closing comments.

**Charles Gillespie**

Thanks, everybody, for joining us. We look forward to updating you on our full year results in March.

**Operator**

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.