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GAN.L - Q2 2020 GAN PLC Earnings Call

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**Gregory Thomas Gibas** *Northland Capital Markets, Research Division - VP & Senior Research Analyst*

**Michael Joshua Nichols** *B. Riley FBR, Inc., Research Division - Senior Analyst of Discovery Group*

**Ryan Ronald Sigdahl** *Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst*

## PRESENTATION

### Operator

Greetings and welcome to GAN's 2020 Second Quarter Financial Results Conference Call. (Operator Instructions) As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Todd McTavish, Chief Legal Officer.

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### Todd McTavish

Thank you, Barrack, and good afternoon, everyone. GAN's second quarter earnings release was issued today after market and is posted on the company's website at gan.com. With me representing the company today are Dermot Smurfit, Chief Executive Officer; and Karen Flores, Chief Financial Officer.

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

Forward-looking statements should not be interpreted as a guarantee of future performance or results as such statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Some important factors that could cause such differences are discussed in the Risk Factors section of GAN's IPO prospective -- prospectus dated May 5, 2020.

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 other changes in factors affecting forward-looking information, except to the extent required by applicable securities laws.

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

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### Dermot Stopford Smurfit - GAN Limited - CEO & Director

Thank you, Todd, and good afternoon, everyone. GAN reported an excellent second quarter driven by nearly 100% year-on-year revenue growth, with the largest part of our revenue principally derived from U.S. real money Internet gambling, growing a phenomenal 110% year-on-year on the back of \$129 million in gross operator revenue.

Our revenue exceeded consensus estimates for the quarter, and we're currently executing on significant growth through the rest of the year and reiterate our full year revenue forecast of \$37 million to \$39 million. Most interesting of all aspects of this quarterly performance was the gravity-defined year-on-year leap in U.S. gross operator revenue derived from Internet casino gaming, which jumped 392% comparatively and 53% sequentially.

As also indicated in the earnings presentation we've now made available, only 34% of total gross operator revenue in the second quarter of last year was derived from U.S. real money Internet gambling as compared to 70% in the second quarter of this year, which illustrates our phenomenal growth path right here in America.

In fact, during the 7 months of this year, we delivered more gross operator revenue to our clients than in the entire calendar year of 2019. And in the current quarter, we continue to see high levels of activity, revenues and engagement continuing despite the reopening of our clients' retail casino properties. Looking ahead a few weeks into the fourth quarter, we anticipate the launch of Michigan with technical deployment for several of our clients already underway and our licensing applications in good order.

I'll now take this opportunity to thank our shareholders for their continuing support of GAN as the leading provider of B2B enterprise software solutions for U.S. land-based casino operators. We anticipate maintaining and strengthening our leadership position as we continue to focus on new client wins and execution. We are deriving our success in part by serving as a highly efficient and capable partner to several of the largest and fastest-growing names in gaming and sports betting.

Parx Casino, FanDuel, Ocean Casino Resort, the Cordish Group, these are just some of our clients, and we are proud to serve each one as a key technology provider. We anticipate 10-plus client launches in 2020 and remain well on track to achieve that goal.

To this point, I'll offer the observation that we've recently delivered 2 major client launches only days apart, with Cordish Group's real money Internet gambling website now available at playlive.com in Pennsylvania launched in record time from signing contracts and some months even before Cordish will open their retail casino property in Philadelphia, which I believe is a U.S. industry first.

From start to finish, this took GAN just over 2 months underscoring the time-to-market advantage enjoyed by U.S. casino operators who choose GAN as their technology platform for Internet gambling. Initial results from playlive.com have proved promising, and we look forward to evaluating additional opportunities with this client in other states over time.

Yesterday, we launched Penn National's new social casino on our simulated gaming platform now available on mychoicecasino.com and incorporating HollywoodCasino.com as well as being fully integrated with Penn National's mychoice rewards program for the first time and offering a full range of social engagement features such as avatars, achievements and leaderboards coupled to our industry-leading range of recognizable Class 3 content derived from America's retail gaming floors.

Simulated gaming experienced many of the same tailwinds as real money Internet casino gaming in the second quarter, and we look forward to delivering substantial growth in the coming quarters from all of our clients, now including Penn National, who is the largest retail casino operator of online social casino gaming in this country.

Looking forward, we are currently focused launching the state of Michigan in Q4, which represents the next major component of this multibillion-dollar opportunity for GAN's clients to capture as Internet gambling continues to proliferate on a state-by-state basis. As flagged in our last earnings call, we expect to announce and launch our newest Tier 1 multistate operator clients in the very near term and look forward to updating the market in full shortly.

Furthermore, the Q4 launch of Internet sports betting and Internet casino gaming in Michigan is now highly probable, with this accelerated market commencement logically implemented to help ameliorate the COVID-19 impact on that state's reduced tax income from Michigan's retail casinos.

Regarding sports betting, GAN has been very successful in working with great partners such as FanDuel and Parx in bringing their platforms online quickly in order to meet end-user customer demand. While still a relatively small proportion of GAN's overall revenues, these have proven to be excellent partnerships as we've been able to develop and quickly deliver a sports betting option alongside Internet casino gaming in multiple

states while simultaneously serving as our exclusive provider of Internet casino gaming. To note, Q4 and beyond will exclude sports betting revenue for FanDuel as they migrated to their in-house sports account in alignment with our stated strategy and our governing commercial agreement.

Moving forward, we expect that the revenue and earnings contribution for the FanDuel client relationship will continue to substantially grow with the expansion of real money Internet casino gaming, which launches in West Virginia and Michigan before year's end, as they continue to leverage our Internet gaming account capability within GameSTACK while also continuing to rely upon our iSight back office and diverse technical systems for promoting player loyalty.

Continuing on the subject of sports betting. We are evaluating several opportunities to acquire complementary sports betting technology. And in the event we make any such acquisition, the applicable criteria will require that any target acquisition will be highly complementary, offer significant synergies and will be made available to U.S. clients as just one option to choose from alongside existing integrated sports content. Adding the sports capability, together with incremental casino gaming content, is a logical way to rapidly expand our share of clients' gross operator revenue flowing through our platform. And any such acquisition will prove immediately accretive to both revenues and earnings.

Our continuing mission is to bring retail casinos online with our technology platform, focused principally on delivering all forms of Internet gambling content, including casino gaming and sports betting. For retail casinos in those states without Internet gambling legislation, we offer simulated gaming now with the opportunity to upgrade to real money Internet gambling as state-by-state regulation continues to emerge.

Turning to the broader U.S. industry landscape. In the intervening months since our NASDAQ listing, many shareholders have been asking us the question, "How has the total addressable market changed as a result of COVID-19?" At the outset of this year, pre-COVID, most forecasts for U.S. internet gambling indicated that online sports betting would dominate the revenue opportunity at market maturity some years out.

Today, a consensus of industry analysts' forecast models all point to the new post-COVID reality that Internet casino gaming will generate the majority of this nascent U.S. market's revenues with an estimated \$17 billion of a \$30 billion-plus total addressable market derived specifically from Internet casino gaming.

GAN is a casino gaming first company with a long track record in delivering both Internet casino gaming and Internet sports betting to our clients. Our market position has therefore never been better, and we look forward to developing our Internet casino gaming business further as the market evolves over time.

At GAN, we focus largely on what next and attempted to prepare the business in light of a changing climate surrounding COVID-19. We have invested in our U.S. market position over several years with the original and continuing premise of multistate legislative approval of regulated Internet gambling. We continue to see COVID-19 accelerating intrastate regulation of Internet gambling, particularly in large markets such as New York, where GAN has a substantial presence through multiple existing client relationships and continues to market the availability of simulated gaming to New York's Native American casinos with a view to preparing them for the real money Internet gambling opportunity to come.

Outside our current focus on New York, nationally, Americans continue to spend more time at home consuming online entertainment of all kinds. And many state politicians continue their search for incremental revenue opportunities to replace lost tax income. We see all of this as creating a favorable climate for incremental regulation of Internet gambling, and each state that regulates is a positive catalyst for GAN, with New York very much high in our watch list of states, which could surprise us all just as Illinois did last year.

In planning for a post-COVID industry environment or perhaps a continuing COVID industry environment, we have invested in our people by expanding our leadership bench and creating the veritable engineering resources required to deploy GameSTACK for existing and new clients. I'm delighted to announce the appointment of Marcus Yoder as our Senior Vice President of Sales charged with expanding our sales and marketing capability in line with our expansion in engineering resources. As we increase our capabilities of delivering multiple clients online simultaneously, you'll see Marcus and his team win new clients in new markets across the nation for both simulated gaming and real money Internet gambling. Burstable bandwidth amongst our engineering groups worldwide remains a high priority, and Las Vegas continues to be fertile ground as we execute on rapid controlled expansion.

Now returning to guidance. At this time, we are again reiterating our previously stated revenue guidance of \$37 million to \$39 million. We are excited for all of our upcoming client launches and look forward to continuing to update the market as we announce new client wins in due course. I'll also reiterate that 100% of our revenue continues to originate in wholly regulated online markets, in line with our unswerving commitment to compliance and regulation here in America. This second quarter is one which we are very proud to deliver as our second set of NASDAQ results despite the substantial one-off costs associated with our NASDAQ listing, which are now firmly in the rear-view mirror.

And so with that, I will turn this dialogue over to our CFO and Board member, Karen Flores. Karen?

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**Karen E. Flores** - GAN Limited - CFO & Director

Thank you, Dermot, and hello to everyone on the call today. The excitement in journey continued as we concluded another strong quarter. The nature of GAN's business and secular shift to online real money Internet casino gaming allowed us to continue to thrive, generating \$8.3 million of revenue in the quarter. This represents an increase of \$4.2 million or 99% versus the prior year quarter.

As outlined in today's filing, our revenue trends reflect continued strength in the growth of our gaming and simulated gaming, offsetting declines in sports betting due to COVID-19. Real money Internet gaming SaaS revenues increased by \$2.1 million or 99% year-over-year. Real money Internet gaming service revenues increased by \$900,000 or 149% year-over-year. And lastly, simulated gaming revenue increased by \$1.2 million or 79% year-over-year. The underlying growth is attributable to our strategy of continued expansion of existing U.S. clients and new clients as well as the results of new states passing regulation, allowing for real money Internet gaming and sports betting.

Underlying these positive trends in revenue are notable changes in some of our core KPIs. As Dermot mentioned, gross operator revenue derived from Internet casino gaming increased 392% comparatively and 53% sequentially. Additionally, with the revenue mix shift towards Internet casino gaming, we observed a record quarter for ARPDau with an overall monetization rate of \$23 per active player day. This represents a 100% increase comparatively and 46% increase sequentially versus our previous record of \$16 in Q1 of this year.

We are extremely pleased with the results we are seeing in managing performance and execution for our clients as well as our continued penetration of the U.S. Internet gambling market with our new client wins to serve the long-term opportunity, which today stands at only 6% of the expected total addressable market at maturity.

In relation to this period of continued growth for our company as well as the recently completed IPO and NASDAQ listing, operating expenses increased year-over-year to \$13.7 million. This is compared to \$2.7 million in the second quarter of 2019 and \$4.4 million last quarter. This was an unusual period in which we did see a number of unique expenses.

The second quarter operating expenses included \$8.8 million in onetime charges associated with our initial public offering. This included \$5.4 million of cash expense and \$3.4 million of noncash expense. Those charges were comprised of \$800,000 of direct legal, financial and accounting-related expenses; \$1.8 million in cash bonus compensation paid to directors, officers and key employees; and \$6.2 million in cash and noncash expense related to the acceleration of vesting and to exercises of options under our equity compensation plans, including share-based payments related to EMI options issued under the 2017 GAN PLC Share Option Plan. Share-based compensation expense related to new brands that occurred primarily in June was \$500,000 for the quarter.

Adjusted EBITDA was \$1.9 million versus a loss of \$200,000 in the prior year quarter. Adjusted EBITDA margin remained healthy at 23%, contracting versus the prior quarter margin of 34% driven by expanded resources and public company costs. The increase in adjusted EBITDA was driven by top line growth and expanded segment gross profit margin as our business continues to scale and gain operating leverage, in line with our strategy of delivering long-term profitable growth in higher-margin markets.

Finally, I would like to highlight our strong balance sheet as a result of the recent IPO. At the end of the quarter, we held cash and cash equivalents of \$63.8 million and remained debt-free, allowing us to remain comfortably capitalized to capture additional market share and assess other future opportunities in the market.

And with that, Dermot, back to you.

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**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

Okay. So with that, we're concluding our remarks for this period, and we'll open the line for questions. Barrack, over to you.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Our first question today comes from Josh Nichols of B. Riley FBR.

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**Michael Joshua Nichols** - *B. Riley FBR, Inc., Research Division - Senior Analyst of Discovery Group*

Clearly, some phenomenally strong performance of the iGaming segment. You did reaffirm guidance for the back half of this year. Could I ask, like, what are the underlying assumptions that are built into the second half guidance as far as a potential Michigan launch in 4Q?

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**Karen E. Flores** - *GAN Limited - CFO & Director*

Yes. At this point, because the launch of Michigan is still uncertain, although we've noted it's highly probable, we have not included it in our forecast.

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**Michael Joshua Nichols** - *B. Riley FBR, Inc., Research Division - Senior Analyst of Discovery Group*

Got it. So if you got like a full football season, right, for 4Q in Michigan, and that would be potentially upside to what you're currently guiding to. Correct?

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**Karen E. Flores** - *GAN Limited - CFO & Director*

Correct. Anything from Michigan would be considered upside.

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**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

And Josh, it's worth adding that we're preparing as if the market actually commences in October of this year.

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**Michael Joshua Nichols** - *B. Riley FBR, Inc., Research Division - Senior Analyst of Discovery Group*

Great. And then how should we be thinking about the second half? Clearly -- I mean Q2 is seasonally a bit slower quarter, and then you ramp up in the back half. You had about a 6.4% take rate on gross operator revenue. Is that expected to increase materially in the second half? Or what's the thought process for that?

**Karen E. Flores** - *GAN Limited - CFO & Director*

Yes. We've talked a lot about the take rates historically. So we know one of the things that can increase that is our simulated gaming revenue because our revenue share on simulated gaming is typically around 30%. And so with the launch of Penn National Gaming and the simulated platform there, we do expect take rates to come up in the second half of the year.

**Michael Joshua Nichols** - *B. Riley FBR, Inc., Research Division - Senior Analyst of Discovery Group*

And then last question for me, and I'll pass the baton. Could you help provide any framing now that Penn National simulated gaming has launched as far as what's the expectation for kind of the revenue opportunity for this half? Or if you could extrapolate a little bit even potentially like next year.

**Karen E. Flores** - *GAN Limited - CFO & Director*

Yes. So Penn National is -- of course, we just launched that. We do expect there to be a ramp, let's say, over the course of about 6 months until that is sort of running at full capacity. We do have that included as far as our expectations in the second half of the year forecast. We'll be able to talk about that more as we come out with our next quarter earnings.

**Operator**

The next question is from Chad Beynon of Macquarie Group.

**Chad C. Beynon** - *Macquarie Research - Head of US Consumer, SVP and Senior Analyst*

Wanted to just go back to that for a second so just so we understand. The previous guidance of \$37 million to \$39 million, did that include FanDuel OSB revenue? And now that is being removed after August, so that's being replaced by, I guess, stronger non-FanDuel revenue, the recent launch of Cordish in PA and then Penn ramping in the back half. Is that the best way to think about it?

**Karen E. Flores** - *GAN Limited - CFO & Director*

Yes. I mean, I think we've always been conservative relative to the sports forecast. A portion of that, of course, was the possibility again for FanDuel migrating off since they have the right under the contractual terms to do that. We knew that there would be other customers that we would be launching in the second half of the year to replace that as far as the 2020 revenue stream. So it was a balanced approach relative to the Q3, Q4 guidance, which is why we're not changing it at this point.

**Chad C. Beynon** - *Macquarie Research - Head of US Consumer, SVP and Senior Analyst*

Okay. And then just from a competitive standpoint on your player account management, I know there's been a few other companies that have received their licenses. Do you think that the competitive landscape kind of is how you saw it in the past few -- I guess since PASPA has repealed? Or do you think that's changed dramatically? Basically, just thinking about your market share opportunities and what you guys offer versus what some other competitors might offer.

**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

Chad, we've not seen any material change to competitive landscape since we last reported earnings. We've seen the very same names appear in client discussions or prospective client discussions. So there hasn't been any significant increase in new entrants or, more to the point, credible

optimized technology platforms coming to the table. So of course, that may well change over the medium term, but as of right now, we're reporting no difference. And we are heavily engaged with various different opportunities in the sales pipeline right now.

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**Chad C. Beynon** - *Macquarie Research - Head of US Consumer, SVP and Senior Analyst*

Okay. And then lastly, just wanted to ask about your cash and potential M&A opportunities. You mentioned complementary sports betting opportunities. I think previously, you had talked about maybe some content opportunities on the iGaming side. How do you -- I guess how do you view the 2 different segments? And really what would make your offerings more wholesome? And that's all for me.

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**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

Yes. Chad, I mean, I'll take the M&A references. So naturally, in our current market position, we've been the recipient of multiple overtures inbound to us asking us if we had any interest. So we've been evaluating opportunistically various different sports opportunities to add sports content and trading capabilities to GAN's overall product mix.

It's candidly quite difficult to survey the overall landscape and identify ideal candidates for it. But if we do any sports-related acquisition, it will have to be from a cultural fit, ideal; from a people standpoint, technology standpoint, again, completely ideal.

On the more probable aspect of M&A is online casino content. It's something we touched on as part of our IPO road show. There is a very large number of interesting online casino content portfolios that would allow us to increase significantly our share of gross operator revenues flowing through our client from online casino gaming. So I think that's certainly the more probable side of our continuing M&A review process. But at this point, we'll, of course, update the market as we run up to Thanksgiving.

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**Operator**

The next question is from Greg Gibas of Northland Securities.

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**Gregory Thomas Gibas** - *Northland Capital Markets, Research Division - VP & Senior Research Analyst*

It looks like your guidance implies at least 10 total new launches this year. Was just wondering what we were at year-to-date. And then how we should think of the timing of those remaining launches, maybe Q3 relative to Q4? And then maybe if you could provide the breakdown of simulated versus real money gaming out of those 10.

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**Karen E. Flores** - *GAN Limited - CFO & Director*

Yes. So we've had a number of launches year-to-date, approximately 4, 2 of which for this month. And again, that's a combination of real money gaming and simulated gaming, again, as we just announced Penn National.

As far as the back half of the year pipeline, Dermot, do you want to comment on Michigan obviously being included in that? And then...

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**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

Yes. We have -- we're all working towards opening the state of Michigan in Q4 this year. As touched on already, October is our target go-live month. We believe we have 3 operator clients in the glide path to launch in October. And we think if it does launch, and that's, of course, subject to regulatory approvals, then it will be a material add-on to the full year guidance.



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**Gregory Thomas Gibas** - *Northland Capital Markets, Research Division - VP & Senior Research Analyst*

Got it. That's helpful. And then with many of the retail casinos reopening partway through Q2, is there anything you can share maybe relative to levels of activity that you're seeing online today versus when there was no retail gaming or was practically nonexistent back in April and May? How do those activity levels vary?

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**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

Greg, we actually touched on this as part of our presentation deck. So Slide 9 in the presentation deck, you have a pretty interesting visual on COVID impact beginning in March of this year and then as our clients all largely within the same time frame reopened. So we saw continued heightened levels of activity. There was a significant acceleration in online adoption, both real money and simulated gaming. So the continuing COVID environment has continued to result in a lot more Americans continuing to consume casino gaming entertainment in various forms online.

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**Gregory Thomas Gibas** - *Northland Capital Markets, Research Division - VP & Senior Research Analyst*

Okay. Great. Last one for me would just be if you could provide maybe the level of revenue share percentage, I guess, that's implied in your full year guidance. And then also just to follow up on a previous question, you mentioned that the Tier 1 client was very near term. So is this something we would expect to see in 2020 financials? Or is it more of a 2021 rollout and assuming that none of these contributions are included in guidance from this client?

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**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

Yes. We certainly hope that we'll see the Tier 1 client contributing to our P&L this side of Thanksgiving. We'll also see how the whole infrastructure deployment cycle goes forward over the course of the next few weeks. And we look forward to imminently updating the market in -- specifically to that client relationship.

As to breaking out the revenue share percentage on a full year basis, that's just not something we're going to do. So with suitable apologies, we'll decline the opportunity to give you any more specific information on that, Greg.

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**Operator**

(Operator Instructions) Our next question is from Ryan Sigdahl of Craig-Hallum.

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**Ryan Ronald Sigdahl** - *Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst*

Great. Wanted to start -- I guess curious when you were informed that FanDuel sports was leaving the GAN platform.

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**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

The target date -- actually, let me just clarify that. They're not leaving the GAN platform in that we remain a key technology supplier to what is a very positive client relationship, where we are in technical and custody of a very, very large and lucrative portion of their business and in fact, the largest part of their business year-to-date. So it's just very important to make that clarifying statement right.

However, the actual target date was really only put in place 10 to 14 days ago. So it's something that was very much from a contractual standpoint up to FanDuel, and we're delighted to help support the medium- to long-term technology ambitions. And it's a relationship that we continue to see significant growth in revenues and earnings for GAN forward.

**Ryan Ronald Sigdahl** - *Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst*

Yes, yes, yes. Sports is what I was referring to. And then switching over, what are you seeing in the pipeline for licensing your rewards integration frameworks and the patent you have? We've heard several Tier 1 operators talking about how important cross-promoting their tens of millions of rewards numbers online. So what are you hearing from the various Tier 1s in the pipeline there?

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**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

Yes. We've not seen any of them actually implement the patented technical framework or processes that sits within GAN's intellectual property, but we are in commercial licensing discussions with a number of them right at this point in time.

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**Ryan Ronald Sigdahl** - *Craig-Hallum Capital Group LLC, Research Division - Senior Research Analyst*

Good. Last one for me. So nice to see Penn National SIMGAM launched this morning. You mentioned in there, it marks the beginning of a partnership, may grow beyond the opportunity of social gaming. Curious if you can elaborate on what other potential opportunities exist there.

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**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

Well, I suspect the Penn National executive group will have plenty of appropriate comments as and when they next report their earnings, so I'll defer to them. I suggest you pick that up with the Penn National team. But I would hope that they would market us to the multiple databases within their possession, both today and as a consequence of their recent Barstool's acquisition activities. But again, that's entirely within the control of the client, and we'll see how that business progresses. The early signs are certainly highly encouraging.

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**Operator**

With that, we'll now turn the call back to management for closing remarks.

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**Dermot Stopford Smurfit** - *GAN Limited - CEO & Director*

Thank you all for joining today for our second earnings call as a U.S.-listed company. Again, we would like to thank the substantial group of U.S. investors who backed our market leadership position, which we intend to extend in the coming period.

Our team is executing exceptionally well to expand our client base despite the challenges presented by COVID-19 and the derivative limitations on our business travel. Our technology team continues to grow here in the United States, and we remain one of the few active employers in hard-hit local economies such as Las Vegas. Our future has remained bright as is the future of American gambling, which will continue to move online. We look forward to speaking with you all again before Thanksgiving. Please stay safe.

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**Operator**

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

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