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GAMB (Gambling.com Group) – Micro-Cap Equity Research

1. Key Financials

Market Cap & Revenue: GAMB's market capitalization is about **\$295 million**, with **TTM revenue ~\$147.7 million** ¹ growing ~30% YoY (Q2 2025 vs Q2 2024) ² ³. Gross margins are extremely high (~85–94% range) ⁴, reflecting a capital-light digital model. Trailing net income is ~\$14 million (~9.6% net margin) ¹, giving a **P/E (ttm)** around **21** ⁵. Forward earnings are expected to rise sharply (forward P/E ~7.6) ⁶, indicating the stock trades at a low multiple of projected 2025 profits.

Cash, Debt, Cash Flow: As of June 30, 2025, cash on hand was about **\$18.7 million** ⁷. Debt has increased due to acquisitions – total borrowings are roughly **\$90 million** (split into long-term ~\$75.8M and short-term ~\$14.4M) ⁸ ⁹. Net debt is therefore ~\$71 million, which is about 1× the company's projected 2025 adjusted EBITDA, a manageable leverage level. The current ratio is below 1 (current assets \$41M vs current liabilities \$70M) ¹⁰ ¹¹ due to acquisition-related payables, but the company has an expanded \$165M credit facility ¹² to ensure liquidity. **Free cash flow** is positive and robust – e.g. \$10.3M in Q1 2025 ¹³ and \$8.2M in Q2 2025 ¹⁴ – supporting ongoing debt service and operations.

Shares & Valuation Multiples: Shares outstanding are ~**35.7 million** ⁵ (float ~20M after ~45% insider ownership). At ~\$8.3 per share, **P/Sales** is ~2.0 and **EV/Sales** ~2.5 ¹ ¹⁵, which is low for a 30%+ growth company. **EV/EBITDA** is ~7.5 ⁴. The company pays no dividend. The stock's **52-week range** is **\$8.1 – \$17.1** ¹⁶, currently trading near the low, about 50% off its high. Book value per share is ~\$3.91 (P/B ~2.1) ¹, so the price is not far above underlying equity, implying modest market expectations.

2. Business Model & Competitive Position

What They Do: Gambling.com Group is a **performance marketing and data services provider** in the online gambling industry ¹⁷. Its core business is operating a portfolio of gambling information websites (like **Gambling.com**, **Bookies.com**, **Casinos.com** etc.) that attract users searching for online casino and sports betting options ¹⁸. GAMB produces original content (news, odds, game guides, reviews) to rank highly on search engines and **refer high-intent traffic** (prospective bettors) to partnered online gambling operators ¹⁹ ²⁰. Revenue is earned via **performance-based commissions** – e.g. **revenue share or CPA (cost-per-acquisition)** agreements – when a referred user converts into a depositing customer for a casino/sportsbook ²¹ ²². This affiliate model yields very high gross margins since the cost of content and SEO is low relative to the commission income. In addition, GAMB has expanded into **sports data and analytics services** via acquisitions (e.g. RotoWire, OddsJam, OpticOdds). These businesses sell **recurring**

subscription data products to bettors and enterprises ²³, adding a stable, high-margin revenue stream (~25% of Q2 2025 revenue was recurring sports data subscriptions) ²³.

Market & Competition: The online gambling market (sports betting and iGaming) is large and growing, especially in the U.S. as more states legalize betting. As a marketing affiliate, GAMB benefits from this secular growth without directly taking betting risk. Key competitors include other affiliate marketing firms like **Better Collective** and **Catena Media**, which are larger in Europe but also expanding in the U.S. Additionally, big media companies (e.g. sports networks or news sites) sometimes partner with or run their own betting affiliate programs, creating a competitive landscape for player acquisition. GAMB's competitive **moat** is centered on its **portfolio of premium domains and strong SEO** capabilities – owning Gambling.com and Casinos.com gives it top-tier visibility in search results. These high-authority sites, along with proprietary marketing tech, help GAMB consistently capture organic traffic for gambling-related searches. The company also diversifies across 50+ sites in 19 markets and 10+ languages ¹⁷ ¹⁸, which spreads its reach globally. In sports data services, competitors include specialist odds/data providers and fantasy sports data companies, but GAMB's acquisitions (like RotoWire's fantasy sports brand) have given it credible offerings. Overall, **pricing power** in the affiliate segment comes from delivering quality players to operators – GAMB can negotiate favorable revenue shares or hybrid deals if it proves its traffic converts well ²⁴. Its **margins are durable** given the low cost base; even as competition exists, the online gambling pie is expanding and operators continue to pay hefty bounties for customers, sustaining GAMB's high-margin model.

3. Price & Volume Behavior

Recent Trend: GAMB's stock has been in a **downtrend over the past 6 months**, significantly underperforming the market and sector. It has fallen about **–36% in the last half-year** ²⁵ (and –41% year-to-date), with a **–28% drop in the last quarter alone** ²⁶. In fact, the share price is hovering just above its 52-week low (~\$8), after having been as high as \$17 in the past year ¹⁶. This decline accelerated in recent months – for example, the stock slid ~18% in the last month ⁵, possibly due to a combination of risk-off sentiment in micro-caps and a headline Q2 GAAP net loss (driven by one-time acquisition accounting) that spooked some investors. Technically, momentum has been weak (14-day RSI ~31, indicating near-oversold conditions) ²⁷.

Volume & Liquidity: Despite being a micro-cap, GAMB trades **hundreds of thousands of shares daily** – roughly **0.55–0.70 million shares average** volume ²⁸ ⁵. At ~\$8 per share, that's ~\$4–6 million of daily dollar volume, which is reasonable liquidity for entry/exit of moderate positions. The stock is listed on Nasdaq and is part of the Russell 2000 index ²⁹, which aids liquidity. The bid-ask spread is generally tight given the active trading. **Accumulation/Distribution:** Insider ownership is high (~45%) ⁵, but notably insiders have not been selling – there was a secondary offering by early shareholders in mid-2023, but no dilution from the company and no recent insider disposals reported. Institutions also hold ~45% ⁵, and their holdings **rose ~+12.7% recently** ³⁰, suggesting some institutional accumulation even as the price fell. Short interest is about 11% of the float ²⁶, which is significant; some traders are likely betting on further declines or hedging. This mix sets up the potential for a sentiment reversal: with the stock deeply oversold and fundamental results strong, any positive catalyst could trigger shorts to cover and value investors to step in.

Relative Strength: Relative to the gaming sector, GAMB's recent performance has lagged. Larger online betting operators (DraftKings, etc.) had rallies earlier in the year, whereas affiliate stocks have been out of

favor. GAMB's poor YTD return (~-41% ²⁵) contrasts with some gambling industry benchmarks that were flat-to-up in 2025. This underperformance may be partly a result of **micro-cap rotation and low analyst coverage** (only a few analysts cover GAMB, though their average target price is >\$14 ³¹). The current price thus reflects a very **pessimistic sentiment**, but also means any outperformance or improved sentiment could yield strong relative gains in the coming months.

4. Risks & Red Flags

Dilution & Financing: A key risk for micro-caps is dilution, but **GAMB has avoided dilutive equity raises so far**. The company does have an effective shelf registration (up to \$200M) and has issued some shares as acquisition currency (e.g. ~\$10M in stock for the OddsJam deal) – so an equity offering is *possible* if needed ¹². However, management appears to favor debt financing and even **initiated a share buyback program** instead of issuing shares ³² ³³. With \$20M authorized for repurchases, dilution in the next 6 months is unlikely unless an unforeseen cash crunch occurs. One financing red flag is the **short-term obligations** from acquisitions: as of mid-2025, GAMB carries ~\$37M in contingent earn-out liabilities due within a year ³⁴ ¹¹. This will likely be funded via existing credit lines or cash flow, but if business faltered, they might have to tap equity.

Solvency & Cash Flow: GAMB's **solvency appears sound**, as it is profitable and cash-flow positive. The **going-concern risk is low** – operating cash flow in the first half of 2025 was \$20M+ ³⁵ ³⁶ and Adjusted EBITDA margin ~35–39% ³⁷ ³⁸. That said, the **current ratio <1** reflects a tight working capital position ³⁹ ¹¹. The company must successfully **manage its debt**: ~\$90M debt bears interest (they've hedged some at ~4.6% in EUR) ⁴⁰ ⁴¹, so rising rates or covenant issues could pressure them. A related risk is if growth stalled, high fixed obligations (debt and earn-outs) could strain finances. At present, net leverage ~1× EBITDA is reasonable and interest coverage is comfortable, but this requires that strong cash generation continues.

Governance & Compliance: Insider ownership of ~45% means founders/execs have substantial control, which can be a double-edged sword. On one hand, insiders are aligned to increase shareholder value (indeed they *expanded the buyback* in Aug 2025 ³² ³³). On the other, such ownership could block outside influences or takeover offers, and there's some **key-man risk** (CEO & CFO are instrumental). So far, no major governance red flags are evident – the company is in good standing with Nasdaq, and its financials are audited under IFRS (no reported audit issues). **Related-party transactions** haven't been highlighted as a concern in filings. One area to watch is that GAMB is based in Jersey, Channel Islands, which has different corporate governance codes, but they appear to adhere to U.S. listing standards.

Legal and Regulatory: A notable risk emerged from a **lawsuit**: GAMB's newly acquired subsidiaries (OddsJam/OpticOdds) are being sued by a competitor (Swish Analytics) alleging misappropriation of proprietary data ⁴² ⁴³. The case is ongoing in California, with the company strongly denying the claims as "without merit" ⁴³ ⁴⁴. While it's too early to estimate the outcome, an adverse development (injunction or damages) could hurt the sports data segment. Regulatory risk in the core affiliate business is moderate: GAMB must comply with gambling advertising laws in each jurisdiction. Any move by regulators to cap affiliate fees or restrict marketing could impact revenue. For instance, some European markets have tightened rules on gambling ads (though performance affiliates like GAMB are usually less targeted than direct ads). In the U.S., states require affiliate licensing, which GAMB handles, but if a major state were to ban revenue-share deals or if fewer states legalize iGaming than expected, growth could slow.

Business Model Risks: GAMB's reliance on **search engine traffic (SEO)** means changes in Google's algorithms or search policies around gambling could affect user acquisition. The company noted it's diversifying beyond traditional search channels ⁴⁵, but organic search is still a key traffic driver. If SEO rankings drop (due to algorithm updates or competitors out-optimizing), referrals – and thus revenue – would decline. Another risk is **operator concentration**: while no single operator is >10% of revenue ⁴⁶⁴⁷, the business is broadly tied to the fortunes of online casinos/sportsbooks. If major partners (DraftKings, FanDuel, etc.) cut back affiliate programs or reduce payouts (for example, during profitability drives), that could squeeze GAMB's commissions. Finally, integration risk from acquisitions exists – GAMB has made several buys in short order (RotoWire in late 2022, OddsJam/OpticOdds in early 2025, Spotlight.Vegas in 2025) and needs to integrate these teams and technologies. Any cultural clashes or inability to realize expected synergies (e.g. if a new product doesn't perform as hoped) would weigh on results.

5. Upcoming Catalysts (Next 6 Months)

- **Q3 2025 Earnings Release (mid-Nov 2025):** The company's third-quarter results will be reported around November. This is a critical catalyst – strong numbers could **validate the growth story**. Notably, Q3 will reflect early NFL season betting activity and the first contributions from the **Spotlight.Vegas** acquisition (which closed Sep 1, 2025) ⁴⁸ ⁴⁹. Management's commentary on integration progress and any updated guidance will be market-moving. If GAMB meets or beats expectations (consensus EPS ~ \$0.17 for Q3 ⁵) and reiterates its full-year outlook, the stock could rally from oversold levels. Conversely, any slowdown in growth metrics (NDCs, revenue mix) would be a negative surprise.
- **Share Buyback Execution (ongoing late 2025):** In August, the Board doubled the share repurchase authorization from \$10M to **\$20M** total ³² ³³. This is a sizeable program (~6-7% of market cap) and management indicated repurchases will occur via open-market and 10b5-1 plans. Active buyback in Q4 2025 could **reduce float and provide price support**, especially given the low trading price. If the company announces the completion of buybacks or a significant chunk repurchased in the quarter, it signals confidence in value and can boost EPS (by lowering share count) going into 2026. Watch for any filings or statements on buyback progress (e.g. in the Q3 earnings report or an 6-K update).
- **Q4 2025 Earnings / FY2025 Guidance (Feb-Mar 2026):** By early 2026, GAMB will report Q4 (seasonally a strong quarter with NFL playoffs and holiday sports betting). This will also confirm whether they hit their **2025 guidance of ~\$172M revenue and \$68M Adj. EBITDA** ⁵⁰ ⁵¹. Meeting or exceeding these targets (35% YoY revenue growth, 40% EBITDA growth) would likely catalyze a **re-rating of the stock upward**, as it proves the business can scale profitably. Additionally, the company may issue initial 2026 guidance or outlook on the earnings call – any bullish outlook (e.g. continued 20%+ growth into 2026) would attract investors at these low valuation multiples.
- **New Market Launches & Regulatory Events:** While no giant new U.S. state is set to legalize online betting in the immediate term (most of 2025's legislative sessions have concluded), there are still catalysts in various jurisdictions. For instance, in late 2025 **iGaming (online casino) could launch in additional states** or existing markets might expand their offerings – GAMB would benefit by onboarding casino players (which yield higher lifetime values). Internationally, markets like **Brazil** are moving toward regulated sports betting (licenses expected in 2024), and GAMB's global footprint means entry into such a large market could be a mid-term catalyst if realized. Additionally, any

resolution in **Florida** allowing more open mobile sports betting beyond the Hard Rock monopoly would be a future upside (though not likely within 6 months). Investors will also watch for any **policy changes** (tax or advertising rules) in key markets, but absent negative surprises, the regulatory trend in the U.S. remains net-positive with more states likely to consider gambling expansion in 2026.

- **Business Developments & Partnerships:** GAMB's integration of acquisitions provides opportunities for new product launches. For example, combining its media content with OddsJam's tools might yield new premium features for users, which could be announced in coming months. The company also hosts the annual **American Gambling Awards** (Nov 2025) ⁵² – while largely a PR event, it does raise industry profile and could coincide with partnership announcements. Any **major partnership deal** (for instance, if GAMB partners with a prominent sports media outlet to be their official odds/content provider) would be a significant catalyst by expanding audience reach. Similarly, further **M&A activity** can't be ruled out: management has been acquisitive (and has credit capacity). A strategically accretive acquisition or even rumors of one could move the stock, though given the low price they might pause M&A and focus on digesting recent buys.

6. Alpha Thesis

Asymmetric Upside Now: GAMB's risk/reward over the next 1–6 months appears skewed to the upside. The market has **severely discounted the stock**, likely due to transient factors (micro-cap selloff, misunderstanding of one-time accounting losses, and general neglect of the affiliate sub-sector). This has left GAMB trading at **~7× forward earnings** ⁵ and **~2× sales** ¹ – a **cheap valuation for a company growing revenue ~30%** with 35%+ EBITDA margins. The **alpha opportunity** is that the next few quarters could **surprise investors to the upside**, forcing a re-rating. Specifically, GAMB is poised to benefit from: (1) **Seasonally strong performance** in late 2025 (football season, etc.) on top of new revenue streams from acquisitions, (2) **Increasing recurring revenues** (sports data subscriptions) that bolster visibility and justify a higher earnings multiple, and (3) **Share buybacks** that signal confidence and reduce supply. With insiders owning nearly half the company, interests are aligned to drive the stock higher – management has a track record of executing (hitting record results) and is now actively defending the share price via buybacks ³². Any clear catalyst (earnings beat, guidance raise, insider buying, or even the absence of feared bad news) could spark a sharp rebound from the current oversold levels. The relatively high short interest adds fuel for a potential squeeze if positive news hits. In essence, the **market's expectations are low**, but the company's fundamental trajectory is strong – this discrepancy is the source of potential alpha.

Why the Opportunity Exists: Many micro-caps with solid fundamentals have been beaten down in 2025 due to macro fears and low liquidity. GAMB in particular may have been **mispriced due to its GAAP net loss in Q2** – which was not from poor operations, but from a \$21M non-cash charge for contingent earnouts ⁵³ ⁴⁴. Adjusted results are actually very healthy (record revenues, expanding cash flow), but not all market participants dig into the adjusted numbers. Additionally, GAMB's story straddles industries (media, gambling, SaaS-like data) and might be underfollowed – only a handful of analysts cover it, and it lacks the retail hype of pure-play gambling stocks. This **informational inefficiency** means current prices do not fully reflect GAMB's growth prospects or the resilience of its business model. Our edge comes from recognizing that **short-term risks (debt, integration, legal)**, while real, are *manageable and not thesis-breaking*, whereas the market appears to be pricing in a much gloomier scenario. If GAMB simply continues executing in line with guidance, the valuation multiples should expand closer to peers (even a move to 4× sales or 15× earnings would imply a stock price well into the teens). The next 6 months offer multiple

chances for the company to prove itself, and we anticipate that as it does, **investors will rerate the stock upward** to correct the current mispricing.

Thesis Killers – What Would Prove Us Wrong: The primary factors that could invalidate this bullish thesis include: **(a) Operational miss or growth stall:** If GAMB's upcoming earnings show a serious slowdown (e.g. significantly <20% revenue growth or erosion of margins), it would undermine the growth narrative and likely keep the stock depressed. Similarly, if the U.S. sports betting frenzy cools and new customer acquisition disappoints (perhaps due to saturation or lower marketing spend by sportsbooks), GAMB's revenue could flatten unexpectedly. **(b) Unforeseen financial stress:** While we don't expect dilution, if the company were forced to do a dilutive equity raise (for instance, if the earn-out payments or debt servicing strain cash beyond expectations), that would break the thesis of no "thesis-breaking risks." A sudden need for capital at this low price would hurt shareholders and indicate our cash flow assumptions were too optimistic. **(c) External/regulatory hit or loss of a key asset:** A negative ruling in the Swish lawsuit (e.g. an injunction stopping OddsJam's product or a large damage award) could damage the valuable sports data segment. Likewise, a regulatory crackdown (say a major jurisdiction banning certain affiliate practices or Google deranking gambling content) could severely disrupt GAMB's traffic pipeline. Finally, any sign of malfeasance – though none is evident – such as an accounting issue or governance scandal would also invalidate the positive outlook. In summary, the bull thesis hinges on continued strong execution and no severe external disruptions; we are watching these risk factors closely.

7. Final Recommendation: [Buy]

- **Robust Growth at Bargain Valuation:** GAMB is delivering 30%+ revenue growth with expanding cash flows, yet the stock trades at ~7× forward earnings and ~2× sales ⁵ ¹. This disconnect provides an attractive entry – investors are essentially paying a **micro-cap price for a company with mid-cap quality earnings**, setting up significant upside as the market corrects this mispricing.
- **Catalyst-Rich Near Term:** Multiple catalysts in the next 1–2 quarters (strong seasonal earnings, possible guidance beat, execution of a \$20M buyback ³², and integration of accretive acquisitions) are likely to **highlight GAMB's momentum**. With the stock at 52-week lows and sentiment washed out, even a return to moderate optimism could drive a **sharp rebound** – the potential reward over 6 months far outweighs the limited downside at this valuation.
- **Sound Fundamentals & Manageable Risks:** Unlike many speculative micro-caps, GAMB is **profitable, cash-generative, and not facing existential risks**. It has sufficient liquidity (credit lines + cash flow) to handle near-term obligations, and insiders with 45% stake are committed (they've chosen buybacks over dilution, aligning with shareholders) ³³. We see no deal-breaking red flags – debt is under control, no customer concentration issues, and legal/regulatory risks, while present, appear **contained**. In short, the company's solid fundamentals and stakeholder alignment give confidence that the bull thesis can play out without undue downside surprises, making GAMB a **Buy** at current levels.

2 3 7 8 9 10 11 14 23 32 34 35 38 39 45 **Gambling.com Group Reports Record Second Quarter Revenue and Adjusted EBITDA**

<https://www.businesswire.com/news/home/20250814914972/en/Gambling.com-Group-Reports-Record-Second-Quarter-Revenue-and-Adjusted-EBITDA>

12 13 36 37 50 51 **Gambling.com Group Reports First Quarter Results Including Record Revenue and Adjusted EBITDA**

<https://www.businesswire.com/news/home/20250515528346/en/Gambling.com-Group-Reports-First-Quarter-Results-Including-Record-Revenue-and-Adjusted-EBITDA>

17 18 19 20 21 22 24 33 40 41 42 43 44 46 47 48 49 53 **Gambling.com (GAMB) H1 2025: OddsJam Acquisition, \$21M Contingent Loss | GAMB SEC Filing - Form 6-K**

<https://www.stocktitan.net/sec-filings/GAMB/6-k-gambling-com-group-limited-current-report-foreign-issuer-3cbe7cb113fd.html>