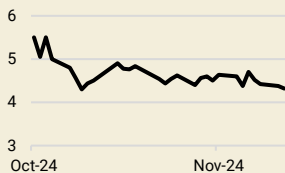


## Corporate

Share Price	SEK 4.3
Market Cap	SEK 582.6m
Shares in Issue	134.7m
12m Trading Range	SEK 4.3 – SEK 5.5
Free Float	97.7%
Next Event	Q4 results – Feb-24

## Price performance (SEK)



Source: FactSet

## Financial forecasts

Yr end Dec (€'m)	FY23A	FY24E	FY25E	FY26E
Revenue	37.8	31.7	44.0	52.9
yoy growth (%)		(16.2)	38.6	20.3
Adj. EBITDA	8.4	(3.1)	10.0	15.7
Adj. EBIT	(7.3)	(22.9)	(6.0)	(0.3)
Adj. PBT	(9.3)	(23.7)	(6.6)	(0.9)
Adj. EPS (p)	n/a	n/a	(4.9)	(0.7)
Net cash/(debt)*	(12.5)	9.4	5.4	7.9
P/E (x)	n/a	n/a	n/a	n/a
EV/EBITDA (x)	7.9	n/a	4.9	2.9

\*Excl. leases

Source: Audited accounts and Zeus estimates

GiG Software is a Financial Adviser client of Zeus

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# GiG Software

## GIG - Software & Computer Services

### Initiation: A gig not to be missed

GiG Software is an unrecognised turnaround opportunity, with a top-tier management team that is incentivised to outperform earnings expectations. The company expects to turn revenue growth around from 16% decline in 2024E to 39% growth in 2025E and raise Adjusted EBITDA margin from -10% to +23%, respectively. We believe our revenue forecasts are prudent and expect strong operational gearing, resulting in most of the revenue growth dropping down to Adjusted EBITDA. Based on our conservative earnings estimates, shares trade at a substantial discount to peers. The company has only recently been introduced to the market as a Swedish-listed company with a largely UK-based management team.

**Overview:** GiG Software provides iGaming operators with next-generation software platforms that manage core functionality, including account administration, gaming transaction management, payments processing, wallet management and know-your-customer (KYC) tools. The company operates a B2B SaaS model, with pricing largely based on revenue share agreements. GiG Software also offers a sportsbook platform (GiG SportX), a market leading data insights and reporting platform (GiG DataX) and a rules engine for process automation and CRM (GiG LogicX).

**Turnaround opportunity:** GiG Software was previously the software and sportsbook platform division of its parent company, Gaming Innovation Group (GiG), until separating into GiG Software and Gentoo Media in October 2024. Whilst under the management of the parent (GiG), the software and sportsbook business suffered from poor product quality, product positioning, pricing and customer retention. To turn the business around, a new management team was appointed in September 2023, largely comprised of the senior executives of SBTech and DraftKings, including Richard Carter, previously CEO of SBTech. Richard has personally invested €1m in GiG Software in June 2024.

**Strong competitive advantages:** Since joining the company, the new management team has upgraded and restructured software development and delivery teams, re-platformed the product suite onto a fully cloud-based, multi-tenanted and microservice-based solution, split out embedded software components and launched new products (LogicX and DataX), exited loss-making contracts and raised prices. GiG Software is now competitively well-positioned. It is an early mover in the emerging \$3bn sweepstakes market and it plans to offer a differentiated Sportsbook product (SportX) that is tightly integrated with its core platform (CoreX).

**Earnings outlook:** Zeus believes GiG Software's forecasts are conservative and the company has high revenue visibility. The company believes contracted customers alone should cover 90% of 2025 revenue expectations by year end and customer retention is expected to exceed 90%. Strong growth expectations are also supported by the accelerating pace of brand launches from three in H2 2023 to seven in H1 2024 and ten in H2 2024 and by the company's sales pipeline, which has ballooned 172% from €22m at the beginning of the year to €60m at the end of Q3. Revenue growth potential is further driven by strong demand for GiG Software's highly popular sweepstakes product, which is not significantly factored into our forecasts. We expect revenue growth in FY25 to drop to Adjusted EBITDA, given the company's 95% gross margins and largely fixed cost base.

**Undervalued:** Shares trade at only 4.9x 2025 EBITDA compared to 10.7x for peers. We believe shares should trade at a substantial premium due to its high revenue visibility, top tier management team and strong growth outlook. We value the company at 10.7x FY25 EBITDA, implying a share price of SEK 10.1. This is supported by our longer term intrinsic DCF analysis, which indicates a value of SEK 13.9 based on 12.5% WACC and 2.0% perpetual growth rate.

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## Investment case

GiG Software provides turn-key software platforms for iGaming operators to design, implement and operate online casinos. GiG Software also provide a sportsbook platform (GiG SportX), a data insights and reporting platform (GiG DataX), a rules engine for process automation (GiG LogicX), and various AI products including Games, Recommendation Engine, GiG Protect, and GiG Angel. GiG Software operates an attractive B2B SaaS business model, with pricing largely based on net gaming revenue (NGR) share agreements.

## Turnaround opportunities

GiG Software was previously the software and sportsbook platform division of its parent company, Gaming Innovation Group (GiG), until separating into GiG Software and Gentoo Media in October 2024. GiG was founded in 2008 and primarily provided front-end and affiliate marketing services to iGaming operators.

As part of GiG, the software and sportsbook business suffered from product quality issues, poor product positioning, ineffective pricing and high customer churn. GiG invested heavily in developing a very strong and stable platform but did not focus on the priorities to make it a commercial and market success. Zeus estimates GiG has invested in excess of €100m in the software suite in the ten years prior to the new management team joining and the company has secured key gambling licenses in nearly 30 countries. However, the company did not follow-through on these strong core capabilities with strong customer support, it did not provide complementary applications to differentiate its Core product and the business implemented a low-return pricing model that perpetuated a low-quality customer base.

## Top tier management team

To turn the business around, a new management team was appointed in September 2023, largely comprised of the senior executives of SBTech and DraftKings, including Richard Carter, CEO of SBTech, who led the company's merger with DraftKings in April 2020. The new management team's interests are well aligned with shareholders. Richard Carter personally invested €1.0m in GiG Software in June 2024 and the management team and board members own 2.3% of issued share capital as of 30th June 2024.

## Strong competitive advantages

Since joining the company, the new management team has already upgraded and restructured software development and delivery teams, re-platformed the product suite onto a fully cloud-based, multi-tenanted and microservice-based solution, split out embedded software components and launched new products (LogicX and DataX), exited loss-making contracts and raised prices.

GiG Software now offers a market leading software suite. Its open-source, modular architecture enables rapid localisation and market entry, which is important to most operators. The company's new DataX product improves conversion rates by up to 43%, retention rates by 14%, average bonus cost by 17% and self-exclusion rates by 17%. Its automation rules engine, LogicX has been shown to increase average monthly turnover per user by 15.6% and customer lifetime value (CLV) by 50%.

In addition, GiG Software plans to deploy two unique, high potential products. First, the company is an early mover in the \$3bn sweepstakes market, which is projected to grow 31% CAGR from 2022 to 2025. The company believes it is at least 9-12 months ahead of the market. Most competitors do not offer the bonus system that is fundamental to sweepstakes games and innately architected into GiG Software's platform. Second, GiG Software is upgrading its Sportsbook offering (SportX) and integrating it with its platform (CoreX). Only a handful of software providers offer a fully integrated Sportsbook, which provides operators with faster deployment times, lower integration and operating costs and higher service reliability.

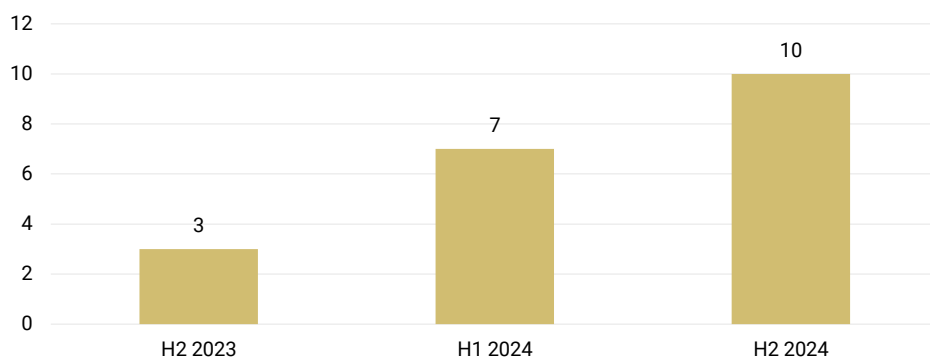
## Financial transformation

As a result of the above transformational changes made by the new management team, the company expects to turn revenue growth around from 16% decline in 2024E to 38% growth in

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2025E and increase Adjusted EBITDA margin from -13% to +23%, respectively. Strong growth expectations are supported by the accelerating pace of brand launches from three in H2 2023 to seven in H1 2024 and ten in H2 2024 and the company's sales pipeline, which has ballooned 172% from €22m at the beginning of the year to over €60m at the end of the Q3 2024.

## Exhibit 1: New brand launches



Source: GiG Software, Zeus

We believe GiG Software's forecasts are conservative and the company has high revenue visibility. While the company has set ambitious targets for 2025, we think they are underpinned given that contracted customers at the end of Q3 alone accounted for over 80% of 2025 revenue and this combined with the continued strong conversion of its large sales pipeline are likely to drive significant yoy growth. The pace of contract wins has risen from four in Q2 2024 to eight in Q3 2024, including Heads of Terms, and three so far in Q4 2024. At the current pace of brand launches (20 per annum) and based on minimum revenue assumptions, we believe the company is well placed to comfortably meet expectations. Further revenue upside could be driven by strong demand for GiG Software's highly popular sweepstakes product since insignificant revenues have been factored into guidance despite the rapid growth of the emerging Sweepstakes market. We expect strong revenue growth to drop through to Adjusted EBITDA, since the company has a 95% gross margin and a largely fixed cost base that could fall further as legacy platforms become redundant.

## Undervalued

We believe GiG Software is substantially undervalued. Shares trade at 4.9x 2025 EBITDA compared to 10.7x for peers. Whilst we believe shares should trade at a substantial premium due to its high revenue visibility, top tier management and above average growth potential, we value the company in line with the peer average of 10.7x FY25 EBITDA, implying a share price of SEK 10.1. This is confirmed by our longer term intrinsic DCF analysis, which indicates a value of SEK 13.9 based on 12.5% WACC and 2.0% perpetual growth rate.

## Exhibit 2: Valuation summary

Method	Implied Valuation (SEK)
FY25 EV/EBITDA	10.1
DCF	13.9
<b>Average</b>	<b>12.0</b>
Current share price	4.3
<i>Upside (%)</i>	<i>180</i>

Source: Zeus

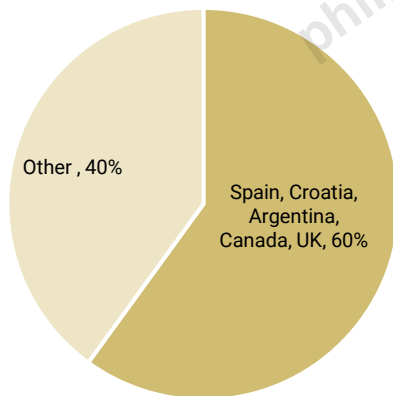
## GiG overview

GiG Software operates a B2B SaaS model, providing turn-key software platforms for iGaming operators to design, implement and operate online real money, social casinos and sportsbooks. Core functionality includes account administration, gaming transaction management, payments processing, wallet management and know-your-customer (KYC) tools through its CoreX platform. This next-generation platform is designed to facilitate rapid compliant market entry into 30 regulated jurisdictions worldwide. GiG Software also owns a sportsbook platform (GiG SportX), a data platform (GiG DataX) for business insights and regulatory reporting, a rules engine (GiG LogicX) for process automation, and various AI products including Games, Recommendation Engine, GiG Protect, and GiG Angel. This broad suite of software provides a comprehensive platform covering regulatory compliance, payment processing, risk management, CRM, support, business insights and player value optimization. The platform provides omnichannel (desktop, mobile and retail terminals) access and integrates with third-party game service providers (GSPs) and payment service providers (PSPs).

## Revenue mix

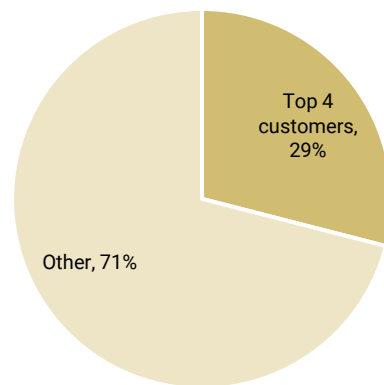
GiG Software has diverse base of over 40 clients with 72 brands operating in 30 regulated jurisdictions as well as in a number of soon to be regulated markets. GiG Software's generates c. 60% of revenue across five key geographies comprises of Spain, Croatia, Argentina, Canada and the UK, shown in the Exhibit below. No one customer contributes more than 10% of revenue and its top four customers represented 29% of FY23 revenue. Whilst small and medium sized operators typically rely on third-party software platforms, GiG Software increasingly serves larger operators and has undergone a large transformation to focus on more profitable, larger, fast growing blue-chip customers

Exhibit 3: GiG geographic revenue breakdown (2023)



Source: GiG Software

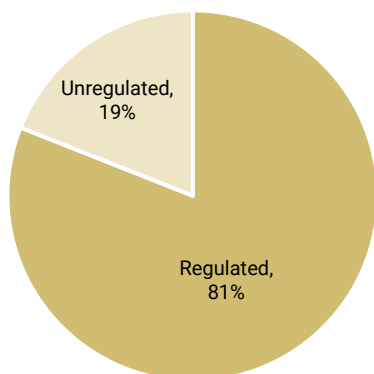
Exhibit 4: GiG customer concentration (2023)



Source: GiG Software

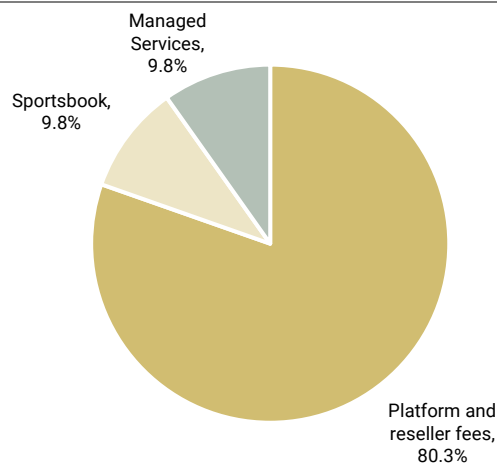
The company does not operate in any geographic markets where online gaming is illegal. Operating in markets where gaming is explicitly restricted would risk GiG Software losing its licenses in regulated markets, such as the UK. In addition, management can be personally exposed to penalties for operating in illegal markets. However, the company does operate in a minority of unregulated markets, where online gaming is not banned nor explicitly legalised. Unregulated markets represent approximately 19% of September YTD revenue in 2024, however, all of GiG Software's current opportunities focus on Regulated markets, which will gradually reduce unregulated as a percentage of overall revenue over time.

**Exhibit 5: Regulated vs unregulated revenue (YTD)**



Source: GiG Software. Data as of September YTD 2024

**Exhibit 6: Revenue by type (Q2 2024)**



Source: GiG Software

## Revenue model

GiG Software's derives the majority of its revenue through a revenue share model with operators. As of Q2 2024, its revenue share model generated c. 80% of total revenue, which is billed monthly on a recurring basis. The two main drivers of this come from its Player Account Management (PAM) platform CoreX, including DataX and LogicX, and its Sportsbook platform, SportX. GiG Software also generates revenue sharing referral fees for payment services and the integration of partners' games onto its platforms. The remaining 20% comes from the initial setup and integration of its software into customer environments as well as one off payments for bespoke work. Contracts with operators commonly run for a length of 3-5 years and are structured with a minimum contracted amount of between €30-60k to ensure minimum profitability to GiG. The company expects renewal rates to be in the high 90 percentages and has recently renewed on long term contracts with two of its biggest customers, Betsson and Luckdays.

GiG Software's revenue by product is currently weighted 80% towards its PAM offering, CoreX. Its sportsbook offering, SportX, represents 10% of revenue at present, however, management have ambitions to grow this towards 30% over time as it upgrades the offering and cross sells the product into its CoreX customer base. The remaining 10% is derived from its Managed Services offering.

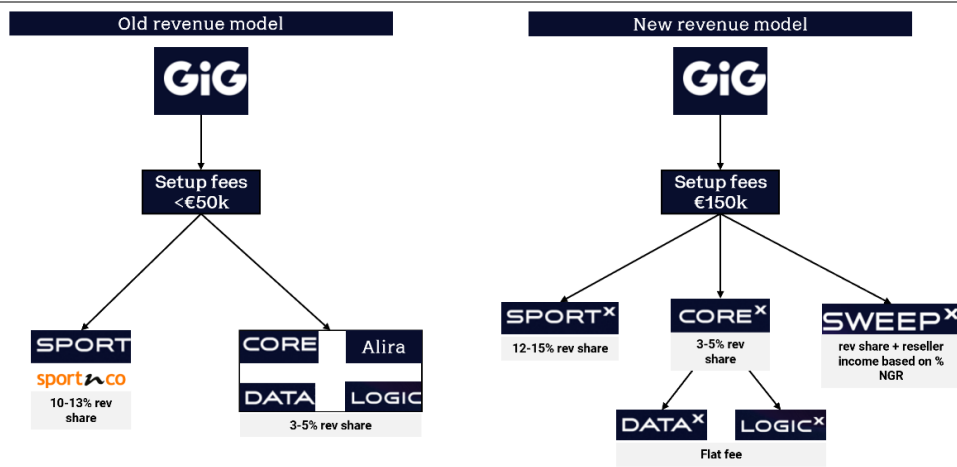
Whilst Platform revenue (PAM) and Sportsbook follow a similar revenue share model, they differ in rates charged to the operator. GiG Software is able to capture 3-5% of customer net gaming revenue (NGR) through PAM, with minimum thresholds of €30-60k per month agreed from the outset, which typically ramps up over 6 months. This provides a steady, recurring revenue stream that allows for further upside as the customer grows at low incremental costs to GiG. Platform revenue is supplemented by revenue from ancillary but highly attractive products, such as DataX and LogicX, where GiG Software charges a flat recurring fee to customers.

Due to Sportsbooks (SportX) more complex and broader offering, GiG Software captures 12-15% of customer NGR, providing a higher margin revenue with good cash conversion. Management is currently upgrading the Sportsbook offering, scheduled to be complete by Q2-25, allowing for further upside to revenue as GiG Software cross sells into the c. 70% of customers CoreX which don't currently use SportX. Management anticipate penetration could reach upwards of 50% over the coming years, providing large scope for cross selling. Managed services contracts generate a recurring fee depending on the offering, and can encompass payment processing, risk assessment, fraud checks and KYC verification, median management and customer service.

As we discuss later, the new management team has been active in adjusting pricing, bifurcating products and upgrading the proposition to position themselves as a leading, full-service provider of PAM and sportsbook. The Exhibit below highlights some key changes made to the revenue model following this transition.

Net gaming revenue (NGR) deducts taxes and marketing deductibles from gross gaming revenue (GGR).

Exhibit 7: Illustrative change to GiG Software’s revenue model



Source: Zeus

## Demerger

GiG Software's business was an operation within its parent company, Gaming Innovation Group (GiG), until spinning out in 2024. GiG was founded in 2008 and primarily provided front-end services and affiliate marketing to iGaming operators. In 2015, after obtaining remote gambling licenses in the UK and Malta, GiG launched a B2B service for the iGaming industry. This was followed by a sportsbook offering in 2016 through the acquisition of OddsModel AS. Further acquisitions followed, with Scandinavian online gambling operator Betit in 2016 and German sports betting company Nordbet in 2018. Most recently, GiG acquired Sportnco Gaming SAS in 2022, a turnkey provider of gambling solutions across Europe. On 1 October 2024, the parent company GiG focused on affiliate marketing, listed on the Swedish Nasdaq exchange, renamed itself Gentoo Media, and spun-out its software platform and sportsbook division, GiG Software.

## Historic issues

As a subsidiary of Gaming Innovation Group (GiG), GiG Software suffered from quality issues, poor product positioning, ineffective pricing and high customer churn. GiG invested heavily in developing a very strong and stable Core platform, but did not focus on the priorities to make it a commercial and market success. Zeus estimate GiG invested in excess of €100m in the software suite in the ten years prior to the new management team joining and secured key gambling licenses across 30 markets. However, the company did not follow-through with strong customer support, did not provide complementary applications to differentiate its Core product and implemented a low-return pricing model that perpetuated a low-quality customer base. The new management team has addressed each of these issues, discussed in detail below:

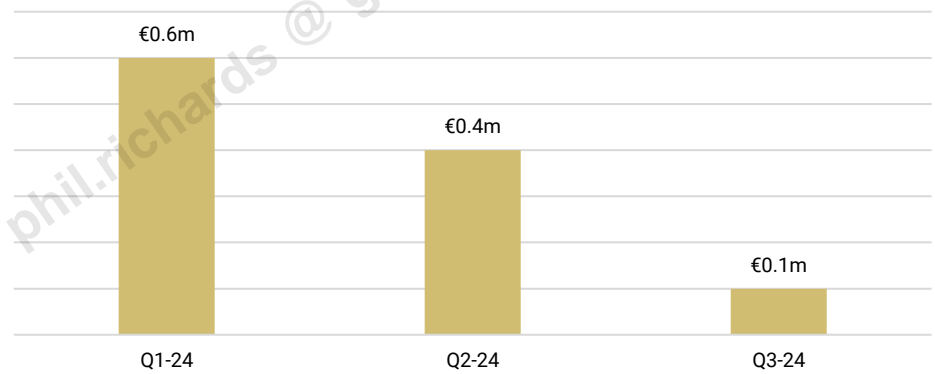
1. **Customer management and support:** GiG Software’s parent did not have extensive software product experience and did not establish the strong customer support infrastructure and culture needed to satisfy clients. Developer teams were siloed across the product road map, customers breaches weren’t actioned quickly enough and product updates weren’t satisfactory or timely.
2. **Product strategy:** The company did not provide complementary products to differentiate its offering in the highly competitive core platform market. As a result, the company has suffered high customer churn, as evidenced by the €0.9m of lost revenue and customer exits in Q1-24 and €6.4m in FY23. Whilst the Core platform is critical to the operations of iGaming operators, its functions are more difficult to differentiate. Complementary functions, such as the data and logic products, DataX and LogicX, are easier to differentiate and market. When sold alongside the upgraded Core platform (CoreX), they significantly reduce customer churn.
3. **Pricing model:** Prior to the new management team joining, the company did not often charge set-up fees. This may have improved customer acquisition but attracted smaller,

higher risk customers that churned when GiG Software did not follow-through with effective customer management and support, as explained above. As a result, the company did not earn a return on investment on either upfront fees or from long-term recurring revenues. The new management team has begun to charge set-up fees, with the effect of avoiding lower-quality customers, and has also begun to attract tier one reference customers. The company has been able to attract and maintain this higher-quality customer base by delivering a much-improved product suite, customer services and support. With this, GiG Software can charge upfront fees while benefiting from high renewal rates, resulting in GiG Software earning high return on capital through the customer lifecycle.

4. **Customer base:** The company is reinvesting higher returns from upfront fees and higher renewal rates to further improve and expand its product offering and support capacity, thereby further improving GiG Software's reputation, customer quality and renewal rates in a virtuous cycle. The company believes it is at the early stages of benefiting from this virtuous cycle and expects it to drive revenue momentum.

The issues with the product suite, customer support, pricing strategy and customer base, described above, were further exacerbated by the company's disappointing 2022 acquisition of SportnCo. The company overpaid for the acquisition (10.8x FY1 EBITDA), did not integrate the PAM called Alira that came with SportnCo, and delivered growth below expectations due to poor customer services. Zeus understands that the majority of lost net revenue in Q2-24 came from SportnCo customer exits, which has decreased significantly from €0.6m in Q1 2024 to €0.1m in Q3 2024 and is unlikely to repeat going forward.

### Exhibit 8: Year-on-year revenue loss from SportnCo customer exits



Source: GiG Software



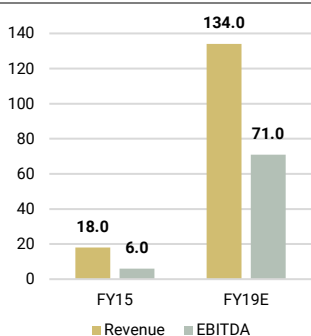
# The turnaround

GiG Software has undergone, and continues to undergo, significant transformation across the business. The new management team has refreshed the proposition and go-to-market strategy, bifurcated product and pricing to improve the economics, rationalised the cost base and fixed historical issues created whilst part of Gaming Innovation Group. This has resulted in significant upgrades to the quality of its customer base, which should lead to a virtuous cycle of higher quality revenue, expanding margins, strong cash conversion and reinvestment.

## New management team














GiG Software has undergone extensive change at the executive level over the last twelve months, bringing in leaders with extensive experience and proven track records in the iGaming industry. Since Richard Carter's appointed as CEO in September 2023, key members of the executive team have been upgraded. Phil Richards joined as CFO, James Coxon as COO, Andrew Cochrane as CBO and Kevin Norville as CPO. Many of the executive team worked together at SBTech during the \$3.3bn combination with Draft Kings in 2021, providing evidence of the commercial focus and execution abilities within the new GiG Software team. From 2015A to 2019E, SBTech management repositioned the business for perspective revenue and EBITDA growth of 65% and 85% CAGR, respectively. During that time, management pivoted into the USA sports market, established a proven track record of outperforming industry peers on growth, margin and ROI, rebuilt the technology from a monolith to a scalable API-driven technology framework and eventually sold the business to DraftKings, which has subsequently grown to a \$20bn business.

SBTech's perspective performance (€'m)



Source: GiG Software management

## Exhibit 9: Leadership team

 <p><b>Richard Carter</b> CEO</p> <p>Extensive experience at executive level from within the iGaming industry. As CEO of SBTech for close to five years, Richard led the company's merger with digital sports entertainment and gaming company DraftKings in April 2020.</p> <p>Experience:   </p>	 <p><b>Andrew Cochrane</b> Chief Business Officer</p> <p>Andrew is responsible for GiG's commercial strategies. Notably, at SBTech managed some of the most significant B2B platform and sports deals in the period. At DraftKings as SVP of Commercial he oversaw strategic partnerships with major sports leagues and iGaming platform vendors.</p> <p>Experience:   </p>	 <p><b>James Coxon</b> Chief Operations Officer</p> <p>Leads operational excellence, innovation, the overall success of GiG. Served most recently as VP of Commercial at DraftKings, James is dedicated to creating a culture of continuous improvement, Focused on maximizing the profitability of our current clients, partnerships and overall sources of revenue.</p> <p>Experience:   </p>	 <p><b>Phil Richards</b> CFO</p> <p>A proven financial strategist across iGaming, cybersecurity and accounting sectors, Richards' resume includes executive positions at Kambi, and blue-chip giants Shell and KPMG, with his most recent role as CFO of AIM listed Cybersecurity Specialists Corero Network Security plc.</p> <p>Experience:   </p>	 <p><b>Claudio Caruana</b> General Counsel</p> <p>Claudio has been active in the gaming industry for over ten years, starting his career in a full-service law firm specialising in gambling regulation, privacy, and corporate law. Throughout his career, he has been involved in and led the legal process of several M&amp;A transactions spanning various industries. Claudio has been representing GiG since 2013, and now leads the legal, compliance and regulatory affairs department.</p>
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Source: Company report, Zeus.

Importantly, the iGaming industry continues to function through relationships and networks. Prior leadership lacked the necessary decision making and experience to drive growth. The refreshed leadership team are exceptionally well placed in this regard. Having over 60 years of industry experience between them, they are well connected to the key operators and accustomed to the tender process, ensuring a high success rate during contract proposals. This has already been evidenced through the growth in its sales pipeline, grown 172% since the start of the year to €60m along with new brand launches more than doubling from 3 in H2 2023 to 7 in H1 2024 and 10 anticipated in H2 2024.

The management team's interests are well aligned with shareholders. Richard Carter personally invested €1.0m in GiG Software in June 2024, increasing his total holdings by 366,774 to 566,774 shares. As of 30<sup>th</sup> June 2024, the management team and board members own 2.3% of issued share capital. In early 2025, the company plans to implement a long-term share incentive plan (LTIP) to further align incentives. Given the calibre and track record of the management team, we believe an LTIP is important to further align management's interests with shareholders.

### Exhibit 10: Board and share incentives to date

Name	Date joined	Role	Depository receipts	Options
Richard Carter	Sep-23	CEO	566,774	2,600,000
Phil Richards	Jul-24	CFO	-	350,000
Andrew Cochrane	Nov-23	CBO	-	425,000
James Coxon	Dec-23	COO	-	386,271
Kevin Norville*	Sep-24	CPO	-	TBC
Claudio Caruana	Jan-20	Counsel	30,100	255,000
Petter Nylander		Chairman	119,800	-
Nicolas Adlercreutz		Board member	33,500	-
Hesam Yazdi		Board member	955,500	-
Mikael Riese Harstad		Board member	1,342,136	-
Andreas Soneby		Board member	-	-
<b>Total</b>			<b>3,047,810</b>	<b>4,016,271</b>

Source: Company reports

\*Due to Kevin Norville's joining date, LTIPs are yet to be agreed.

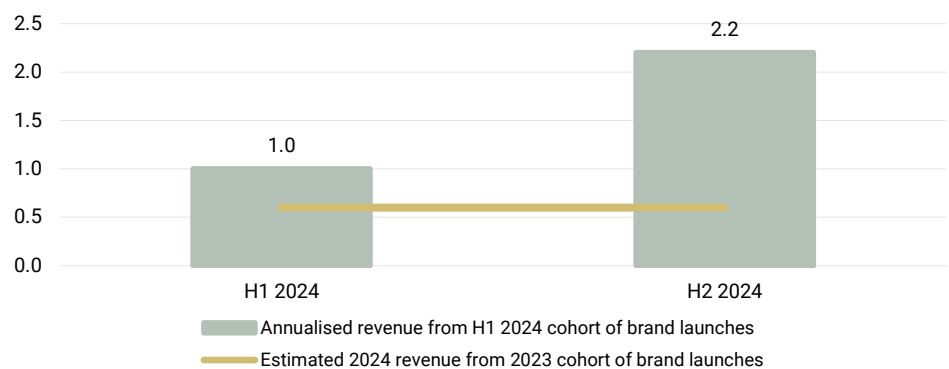
### Resolved historical issues

Since joining in late 2023 and leading the IPO spin-off process, the new management team has implemented significant change. We summarise the fundamental changes implemented at GiG Software to address historic issues:

- ◆ **Building from a solid base:** The previous management invested heavily in the technology to deliver a market leading turnkey solution for online gambling. Zeus estimates this to be in excess of €100m over a 10-year period. GiG Software is the beneficiary of this investment, allowing the new management team to invest in new complementary products and a strong service and support infrastructure that have allowed the company to improve pricing, reduce customer churn and further differentiate its offering in the market. We discuss the new product offering and more reliable, high-quality software experience delivered by the new team in the next two bullet points.
- ◆ GiG Software has significantly **upgraded all aspects of software development and delivery**. The company restructured development and support, upgraded reporting, introduced end-to-end testing and conducted extensive business continuity tests:
  - **Restructured development and support teams:** GiG Software has restructured its development and support teams into dedicated end-to-end support groups whereby the same teams are responsible for both building and supporting the features that they develop. This alignment of development and support has ensured a continuous focus on quality and accountability, allowing for quicker identification and resolution of issues.
  - **Upgraded service delivery reporting:** Internal reporting of service management has been upgraded to allow monitoring of all aspects of service delivery more effectively, thereby enabling proactive identification of potential risks before they impact users.
  - **New end-to-end testing:** The company has introduced testing in both pre-production and production environments, with increased focus on critical gameplay and logic functionalities. These tests ensure that bugs are detected and addressed before they escalate into incidents, significantly improving system stability and user experience.

- ◆ **Re-platformed:** The company has re-platformed the entire product suite onto a fully cloud-based, multi-tenanted and microservice-based solution, thereby enabling increased scalability, faster integration times and a more powerful data set on which to run AI tools. GiG Software’s centralised software architecture, high information security certificates (ISO 27001:2021 certification) ensure high quality, security and scalability.
- ◆ **Product and pricing bifurcation:** Management has increased the quality of the product suite and split out embedded software components of its prior platform, Core. This has resulted in CoreX, an upgraded version of the Core platform, and additional services DataX and LogicX, making the offering more marketable with potential for cross selling. By bifurcating the product suite, GiG Software is capturing a higher share of customer wallet through monetising the platform’s revenue better. Pricing has also been refreshed and minimum fees raised to reflect the product quality, speed of set up and the improved customer experience. Previously, management were charging 3.5% revenue share for the Core platform inclusive of less developed Logic and Data offerings. The new pricing and product structure has separated and upgraded these offerings, allowing much improved monetisation of revenue even without customer growth.
- ◆ **Focus on customer returns:** The new management team has acted quickly to resolve legacy issues faced within the Platform & Sportsbook division. Low margin or loss-making customer contracts have been exited, a new customer experience platform has been developed, customer migration from the legacy SportnCo platform to CoreX is underway and issues around customer account management have been resolved.
- ◆ **Targeted high growth operators:** The new management team has a strong network of contacts at tier one operators with strong growth prospects. Prior to the new management team, GiG Software did not develop the reputation for quality and reliability to price more commercially. In contrast, the cohort of operators signed and launched by the new management team in H1 2024 delivered annualised revenue of €1.0m in H1 2024 and are expected to grow further in H2 2024 and beyond as they mature. In comparison, the cohort of operators that launched in 2023 is expected to deliver only €0.6m of revenue in 2024. The company has introduced a sales qualification process to ensure the company is engaging with the right sales targets.

## Exhibit 11: New management signing higher revenue and higher growth operators (€m)



Source: GiG Software

## Widened key competitive advantages

The iGaming industry is fluid, and GiG Software operates in regions where supportive regulation moves quickly. This makes speed, efficiency and interconnectivity into the market paramount. Below we highlight the key competitive advantages GiG Software has developed over peers, which focus on the advantages over competitors’ legacy systems:

- ◆ **Broad geographic reach:** GiG Software operates in highly regulated markets with strict rules. These regulations pose significant barriers to entry for competitors. Companies must obtain specific licenses to offer their services, pay regulatory fees, and adhere to additional tax

requirements. As a result, many PAM competitors only focus on specific regions (US). GiG Software’s technology has been certified as compliant or passed regulatory audits in accordance with the technical standards of 30 jurisdictions (See appendix, page 35). GiG Software currently hold 9 licences including licenses granted by the Malta Gaming Authority, the United Kingdom Gambling Commission, the New Jersey Division of Gaming Enforcement, the Maryland Lottery and Gaming Control Commission, the Romanian National Gambling Office, the Swedish Gaming Authority, the Alcohol and Gaming Control Commission of Ontario, the Hellenic Gaming Commission and the Peruvian MINCETUR with more anticipated in regulated and regulating regions such as Finland.

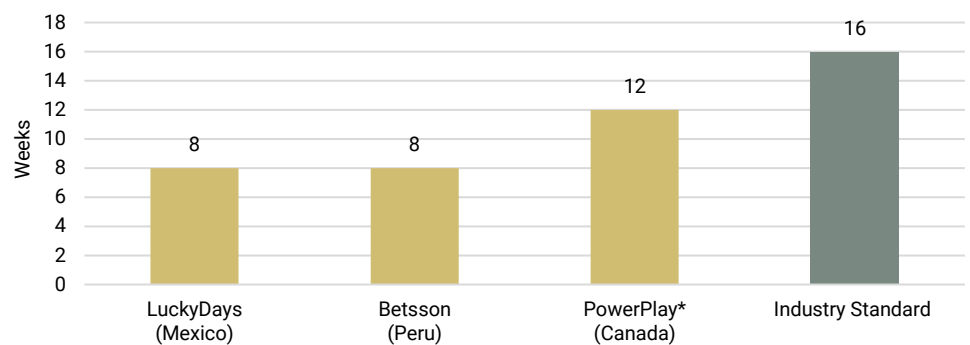
## Exhibit 12: GiG Software’s market coverage (Q3 2024)



Source: GiG Software

- ◆ **Modern technology stack offers rapid market launch:** GiG Software’s open-source technology stack with seamless integration is highly adaptable to different operators and market environments, resulting in faster deployment and launches, particularly in new markets. GiG Software’s platform is based on a modern architecture built around micro services that enable faster development and deployment of applications that meet specific customer, game and local market requirement. The company’s open-source platform provides flexible localisation capabilities that cater to the preferences and habits of local operators and players. For example, GiG Software offers multi-bet features that allow partners to optimise margins to local market needs. In addition, GiG Software provides contacts and integration with local games and payment methods to enable rapid and successful launches. The new management team has leveraged its network to identify operators that require the rapid launch capabilities provided by GiG Software’s flexible platform and local capabilities. PowerPlay in Canada is a good example of this, with GiG Software performing a full-scale migration from a competitor in sub 3 months end-to-end.

## Exhibit 13: Weeks to launch in new geographies



Source: GiG Software

\*PowerPlay was a full-scale migration, requiring additional time and effort to successfully complete the launch

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- ◆ **High value data and logic platform integration:** GiG Software's high value data platform, DataX, provides intelligence and predictive capabilities to enhance revenue, reduce churn and support regulatory reporting, loyalty programmes and compliance. Management argue DataX improves its partners' conversion rates by up to 43%, raises retention rates by 14%, decreases average bonus cost by 17% and self-exclusion rate by 17%. Its powerful, real-time rules engine, LogicX, also allows operators to automate processes without requiring coding knowledge. LogicX can monitor player activity in real-time and react with tailored actions in milliseconds and has been shown to increase average monthly turnover per user by 15.6% and Customer Lifetime Value (CLV) by 50%, an offering larger peers will struggle to implement due to the inherent complexity of their legacy tech stack. During customer tender processes, it is these unique platforms that stand out as a competitive advantage.
  - ◆ **Highly configurable Sportsbook with premium support:** SportX is easily tailored to the individual needs of each partner with dedicated odds, custom markets and personalised strategies. Sportsbook includes 60k pre-match events per month, over 45k real-time live events per month, more than 600 betting markets, over 5k leagues and over 50 sports. GiG Software's SportX solution is supported by over 100 professionals providing development, odds, deep regulatory expertise, and risk management to enable rapid launches with localised solutions. This latter point is not to be underestimated. Sportsbook providers rarely differentiate themselves through the breadth of odds offered, instead, a premium support with a strong UX and UI is a key differentiator in keeping customers returning to the platform. With continued investment in these area, GiG Software plans to further upgrade is overall sports offer towards the market's leading Sportsbook product by H2-2025.
  - ◆ **Deeply integrated Player Account Management (PAM) and sportsbook offering:** GiG Software is one of only a handful of software providers offering a fully integrated Sportsbook and PAM package. For example, leading sportsbook providers such as Kambi and OpenBet do not offer a PAM. A deeply integrated PAM and Sportsbook can accelerate deployment times, lower integration and operating costs and increase reliability since operators must seamlessly integrate Sportsbooks with a PAM to enable core functionality. However, most Sportsbook providers do not offer an integrated PAM solution due to their fundamentally separate functionalities and technologies and the lower margins of PAM software sales. This combination of high investment requirements and low potential returns means that competitors typically offer discrete solutions that are more expensive and slower for operators to integrate and deploy. In contrast, Gamming Innovation Group's large historical investments in software and acquisitions provided GiG Software with a comprehensive, integrated product set that is less expensive and faster to deploy. Time to market is a particularly significant differentiator in the dynamic iGaming market, where changing regulations and products provide margin opportunities for fast-moving operators. GiG Software's unique product offering is already driving strong sales pipeline growth and increasing its win rates.
  - ◆ **Developed SweepX, a market leading sweepstake product:** Management is an early mover in the \$3bn sweepstakes market, which is projected to grow 31% CAGR to 2025. GiG Software's SweepX platform is fundamentally architected to enable bonus systems required in sweepstakes games and social casinos. Very few offers this bonus system required in the high growth sweepstakes market. Testament to its strong market position is the recently signed agreement with Primero Games LLC, the largest supplier of land-based sweepstakes machines throughout the US, which plan to launch with SweepX in Q4 2024. GiG Software believes it is at least 9-12 months ahead of most competitors.

# Competition

The iGaming industry is highly competitive and often regionalised with peers differentiating themselves by geography, size and product offering. Somewhat oversimplified, the landscape is bifurcated into large, legacy players with legacy products and complex structures and smaller, lower quality operators in unregulated markets. GiG Software sits in the middle of this, being a small but rapidly growing platform provider with market leading and agile technology that's scalable and highly configurable at speed in predominantly regulated markets. This dynamic can be shown in the Exhibit below, which separates peers by PAM and Sportsbook across regulated and unregulated markets.

Exhibit 14: Competitive landscape



Source: Company reports

GiG Software is one of a few full-service providers offering both Player Account Management (PAM) through CoreX and sportsbook through SportX. Management highlight Pragmatic Solutions, Light & Wonder (NASDAQ: LNW), Bragg Gaming Group (TSE: BRAG), Every Matrix and Playtech (LON: PTEC) as key competitors to GiG Software's PAM offering. Within Sportsbook, a key competitor is Kambi (STO: KAMBI), a pure Sportsbook provider in regulated markets. At present, management does not see Kambi as a direct competitor due to GiG being marketed as a full-service PAM and Sportsbook provider.

Following GiG Software's restructuring, the company has pivoted away from competing against competitors such as BetConstruct and Soft2Bet, which offer less sophisticated platforms at cheaper prices. GiG Software's pricing is now more competitive with higher quality platform providers and attracts much higher quality operators. The product bifurcation of Core to CoreX, LogicX and DataX has further increased the quality of its offering, and management believes this has driven further contract wins due to the improved automation and rules-based offering, reducing downtime and compliance breaches. This has been evidenced in recent contract wins, where H1 2024 contracts delivered annualised revenue of €1.0m, which is expected to grow to €2.4m in Q4 2024, versus 2023 operators that are expected to deliver only €0.6m of revenue in 2024; highlighting the step-change up in average revenue per contract.

GiG Software further differentiates the fully integrated offering through speed of deployment in over 30 jurisdictions. Importantly, GiG Software does not directly aggressively compete in the US unlike many PAM providers. Whilst the US has seen rapid growth in online gambling since 2018, many peers such as Kambi and more recently Playtech have invested heavily to attract customers, this has caused incumbents, with legacy and complex technology stacks, to focus their product suite on the US market. GiG Software's has focused on investing strategically into other key regulated markets where it has unique knowledge and expertise to successfully market itself on speed and quality. The recent entry into Peru with Betsson is evidence of this, taking only two months to set up its online Casino versus industry standard of four months.

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Within the US sweepstakes market, GiG Software has a first mover advantage with its SweepX platform, helped by its integrated and easily configurable technology infrastructure that allowed GiG Software to develop the product in under 3 months. Management believes this puts them at a 9–12-month advantage against peers due to the inherent complexity in their tech stack. Zeus analysis found that competitors such as Playtech do not currently have a sweepstakes offering, providing comfort to this early mover advantage.

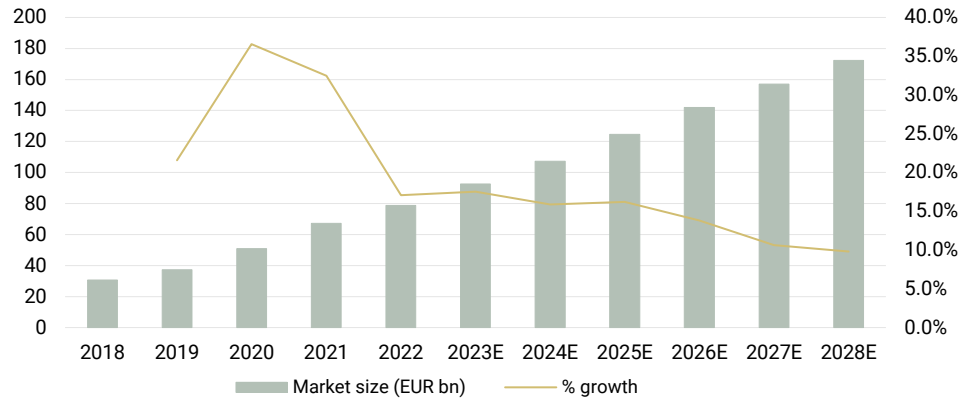
phil.richards @ gig.com



## Market growth and trends

iGaming is a large, high growth market. The global iGaming market is estimated to grow 17% CAGR from €67.3bn in 2021 to €107bn in 2024E, according to Market Study. Going forward, the market is forecast to continue growing at a double digit rate of 13% CAGR 2024E-28E.

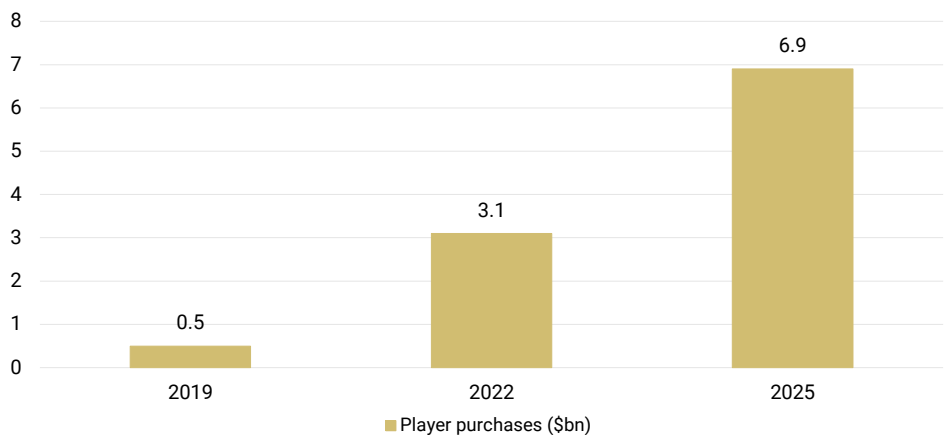
Exhibit 15: Global iGaming market



Source: Market Study

The emerging sweepstakes market is expected to grow even more rapidly. The sweepstakes market in the US grew revenue 89% CAGR from 2019 to \$3.1 bn 2022, according to Eilers & Krejci Gaming, and GiG Software believes the market could grow 31% CAGR from 2022 to 2025. Currently there are approximately 45 US States where online sweepstakes casinos actively operate using long established sweepstake requirements such as no purchase necessary to enter, clear rules and odds of winning disclosure. States with over 60 sweepstakes casinos include California, Florida and Georgia. The most restrictive states are Washington, which has banned sweepstakes casinos, Michigan, which recently cracked down on sweepstakes casino and Idaho, which prohibits cash prizes.

Exhibit 16: Sweeps Gaming Market Size



Source: GiG Software and Eilers & Krejci Gaming

As we discuss in our conservative forecasts section later (page 21), we see potential upside to forecasts from the Sweepstakes market, which is not expected to contribute a significant amount to FY25 revenue forecasts despite a strong pipeline of customers in position to launch the platform.



## Recent financial performance

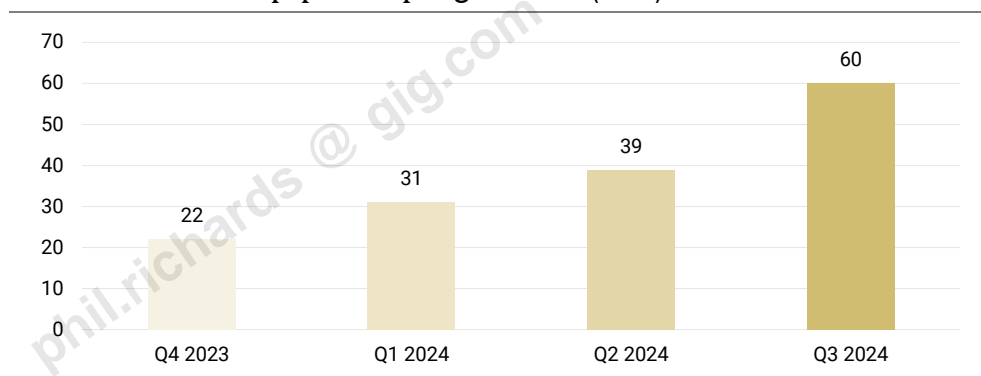
GiG Software has, until recently, been consolidated within Gaming Innovation Group's accounts as a subsidiary, making its track record incomplete and its historical performance a poor benchmark for future performance due to the substantial change in strategy, management and execution since being a separately listed entity.

Whilst we acknowledge the importance of looking at historical performance, Zeus argues that GiG Software has fundamentally changed the way it operates, as has been described throughout the note, and as such, we focus our analysis on the near- and medium-term outlook for the Group as the new management team executes on its turnaround strategy. We provide recent historical financial statements on pages 31-33 and a full breakdown of forecasts on pages 29-30.

### Q3 2024 performance provides a solid base for growth

Q3 2024 was an inflection point for GiG Software as it transitioned to an independently listed entity and repositioned the business for higher quality growth. Whilst Q3 2024 results evidence the strong base to build on, it is positive to see management act to clean up the balance sheet, improve the customer list through new wins, exit further loss-making contracts and launch new products. These corporate improvements are supported by a sales pipeline that has grown 54% QoQ to €60m by the end of Q3 2024 from €39m at the end of Q2 2024.

#### Exhibit 17: Sales pipeline progression (€'m)



Source: GiG Software

#### Q3 financial summary

The Exhibit below summarises GiG Software's Q3 2024 results versus Q3 2023.

#### Exhibit 18: Q3 2024 results summary

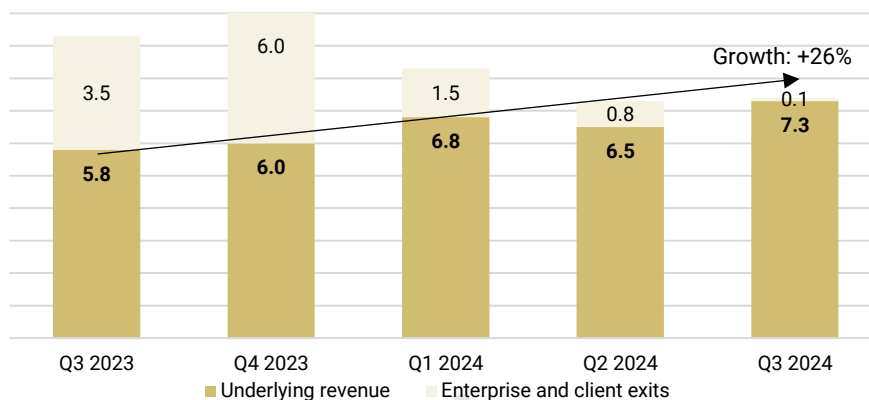
3 months to Sept end €'m	Q3 2023	Q3 2024	Var (%)
Adjusted revenue*	5.8	7.3	25.9
Reported revenue	9.3	7.4	(20.4)
Gross profit	9.0	7.1	(21.1)
Margin (%)	96.8	95.9	(90)bps
Adj. EBITDA	3.1	(1.1)	
Margin (%)	33.3	n/a	
Cash	-	10.0	
Fixed term employees	469	450	(4.1)

Source: GiG Software

\*Adjusted for one-off revenue related to GiG Enterprise Solutions (FY23: €7.8m, Q3 2023: €3.5m)

GiG Software's Q3 2024 underlying revenue grew 26% yoy to €7.3m, excluding exits of loss-making contracts and one-off enterprise sales. This impressive growth evidences the beginning of a fundamental change in strategy, culture and direction. Reported revenue declined 20% yoy, however, this is attributed to €3.5m of one-off revenue activities in the prior year as the previous management focused on short-term growth at the expense of future profitability. Underlying growth was driven by improved pricing and new customer launches, which we anticipate continuing into Q4 2024 and beyond.

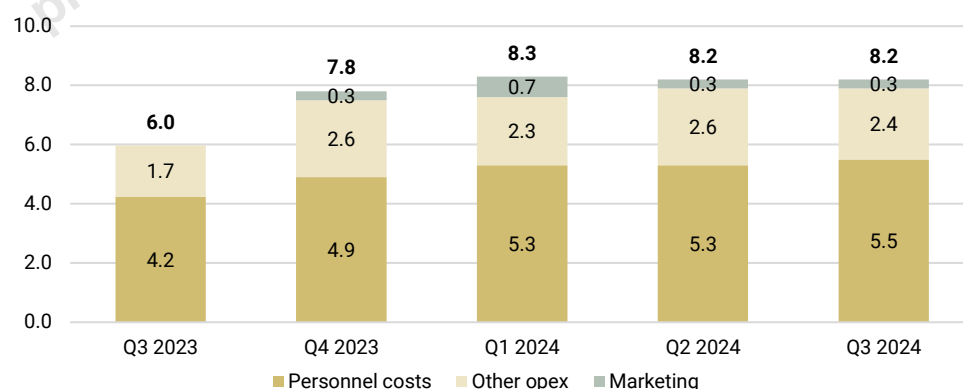
## Exhibit 19: Revenue progression Q3 2023 – Q3 2024, (€'m)



Source: GiG Software

As expected, operating costs rose by €2.2m yoy to €8.2m but remained flat QoQ. The majority of this increase came from further investment in personnel, marketing and development as GiG launches SweepX and upgrades SportX. This resulted in adjusted EBITDA of -€1.1m (2023A: €3.1m), also in line with expectations. As we discuss in our forecasts, GiG Software is rebasing itself for substantial profitable growth over the coming years. Q3 2024 is the first sign of this, with the orderbook expanding, customer base growing and underlying revenue rising double digits.

## Exhibit 20: Underlying operating costs (€'m)



Source: GiG Software

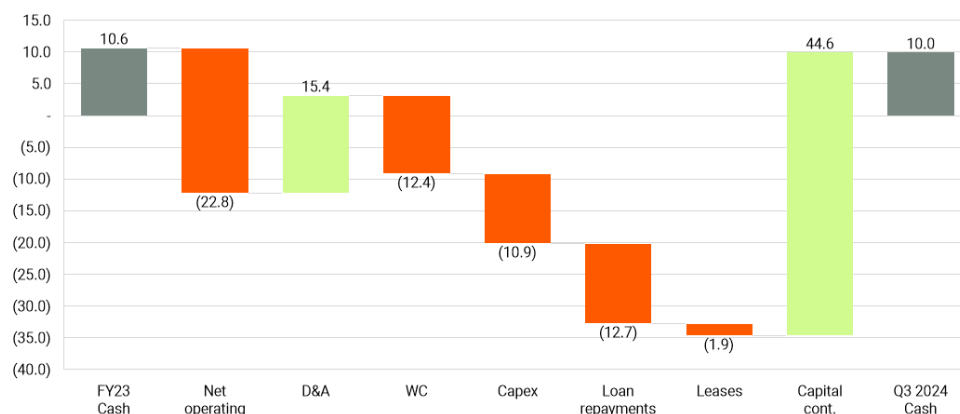
## Notable Cash flow movements

As expected, Q3 2024 was an unusually lumpy quarter for cash flows due to many one-off movements occurring as management look to improve future cash flow management. As of the end of September, GiG Software had a €10.0m cash position with only €0.5m of debt, which will support the Group as it furthers the turnaround. The largest movement came from a €26.9m capital injection from the parent company, Gaming Innovation Group, which was agreed as part of the separation. This is one of the few remaining cash inflows from the parent, with the final inflows expected over the next couple of quarters. As we discuss in our forecasts, we expect c. €5.0m of inflows relating to a final separation true-up payment and a further cash payment for the 50% ownership being transferred to GiG Software. This will be matched with a c. €1.8m tax

liability outflow and a €0.3m payable outflow relating to a marketing event, giving a net inflow of c. €3.0m.

Following the capital contribution from the parent, GiG Software paid down c. €6.5m of the remaining €7.0m of loans, leaving GiG with only €0.5m of debt on the balance sheet at the end of the period. Q3 2024 also saw lumpy working capital movements with a €5.8m receivable outflow and €3.6m payable outflow.

## Exhibit 21: Cash flow bridge FY23 - Q3 2024 (€'m)



Source: GiG Software

## Notable balance sheet movements

Management has taken decisive action to clean the balance sheet following its separation from Gaming Innovation Group in Q3 2024. Below we summarise the key balance sheet actions taken;

## Exhibit 22: Balance sheet as of Q3 2024

Year end 31 Dec (€'m)	FY23A	Q3-24A
Goodwill	59.0	12.7
Intangible assets	41.9	33.1
PPE	3.1	2.6
ROU assets	1.0	1.0
Trade and other receivables	3.2	5.3
<b>Non-current assets</b>	<b>108.2</b>	<b>54.7</b>
Trade & other receivables	14.9	16.6
Cash	10.6	10.0
<b>Total assets</b>	<b>133.7</b>	<b>81.3</b>
Borrowings	(7.1)	(0.2)
Deferred income tax liabilities	(1.2)	(1.2)
Other payables	(2.0)	(2.6)
Lease liabilities	(1.5)	(1.3)
<b>Non-current liabilities</b>	<b>(11.8)</b>	<b>(5.3)</b>
Trade & other payables	(24.6)	(13.7)
Borrowings	(16.0)	(0.3)
Lease liabilities	(1.1)	(2.2)
<b>Total liabilities</b>	<b>(53.5)</b>	<b>(21.5)</b>
<b>Net assets</b>	<b>80.2</b>	<b>59.8</b>

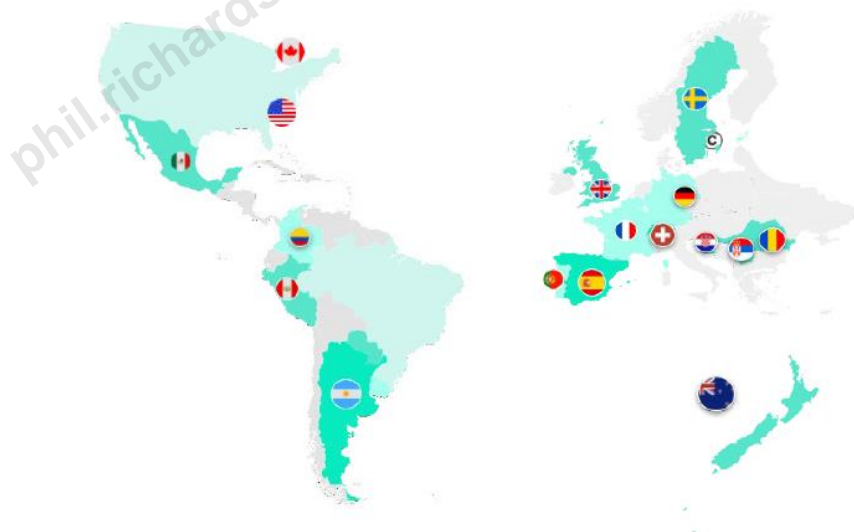
Source: GiG Software

- ◆ **Goodwill and intangible write down:** GiG Software has written down the goodwill carrying value for the 2022 acquisition of SportnCo, which completed prior to management joining, along with some intangible impairments relating to capitalised development costs. This has resulted in €50.8m worth of non-cash impairments and brings the remaining goodwill carry value to €12.7m (FY23: €59.0m) and intangible assets to €33.1m (FY23: €41.9m).
- ◆ **Receivables provision:** GiG Software made a bad debt write-down of c. €1.8m following a review of the receivables. Due to limited visibility of receiving this, management has acted prudently to ensure the balance sheet remains complete and accurate.

## Operational highlights

- ◆ **New customer signings:** GiG Software signed three new customers during Q3 2024 along with five binding heads of terms. The three customers include Betzone (UK) and Primero.
- ◆ **New Brand launches:** GiG Software launched four brands across three different geographies, these include Betsson in Peru through its Inkabet brand, Sol Casino in Spain, Emotiva in Spain and LuckyDays in Mexico.
- ◆ **New product launches:** GiG Software officially launched SweepX, a market leading sweepstakes product targeting the US market. As of Q3 2024, GiG Software had a pipeline of over ten customers relating to SweepX, however, our forecasts assume SweepX represents only 3% of total revenue in 2025.
- ◆ **Post Q3 2024 partnerships:** GiG Software has signed a long-term agreements with one of the Philippines' leading land-based casino groups and another across the European markets for a range of GiG Software's iGaming solutions.

## Exhibit 23: GiG Software's market coverage (Q3 2024)



Source: GiG Software

## Prudent forecasts

GiG Software is poised for strong growth in 2025 and beyond due to new management, investment in products and corporate restructuring. The company's quarterly underlying revenue growth is already starting to accelerate and lead indicators are pointing towards continued strong revenue growth. The company is launching an increasing number of brands every half-year and its rapidly growing sales pipeline appears positioned to sustain launch growth.

The exhibit below summarises our H1 and H2 forecasts to FY25 along with our FY26 forecast to December year end. We discuss these line items in more detail below.

### Exhibit 24: Forecasts summary

Year end 31 Dec (€m)	H1-24A	H2-24E	FY24E	FY25E	FY26E
Set up fees	1.5	1.4	2.9	3.0	2.7
PAM	11.0	11.7	22.7	30.6	34.3
<b>Platform revenue</b>	<b>12.5</b>	<b>13.0</b>	<b>25.5</b>	<b>33.6</b>	<b>37.0</b>
Growth (%)				31.8	10.0
Sportsbook	1.5	1.5	3.1	5.7	7.6
Growth (%)				84.3	35.0
Managed Services	1.5	1.6	3.1	3.4	3.4
Growth (%)				8.1	-
Sweepstakes	-	-	-	1.3	4.9
Growth (%)				n/a	275
<b>Total Group revenue</b>	<b>15.6</b>	<b>16.1</b>	<b>31.7</b>	<b>44.0</b>	<b>52.9</b>
Growth (%)			(16.2)	38.6	20.3
Gross profit	14.5	15.4	29.9	41.8	50.2
Gross margin (%)	93.1	95.4	94.3	95.0	95.0
Adj. EBITDA	(2.0)	(1.1)	(3.1)	10.0	15.7
Margin (%)	(12.5)	(6.9)	(9.7)	22.6	29.6
Adj. EBIT	(11.2)	(11.6)	(22.9)	(6.0)	(0.3)
Margin (%)	n/a	n/a	n/a	n/a	n/a
Adj. PBT	(13.2)	(10.4)	(23.7)	(6.6)	(0.9)
Adj. EPS	n/a	(8.0)	n/a	(4.9)	(0.7)
Gross cash	3.4	9.9	9.9	6.0	8.4

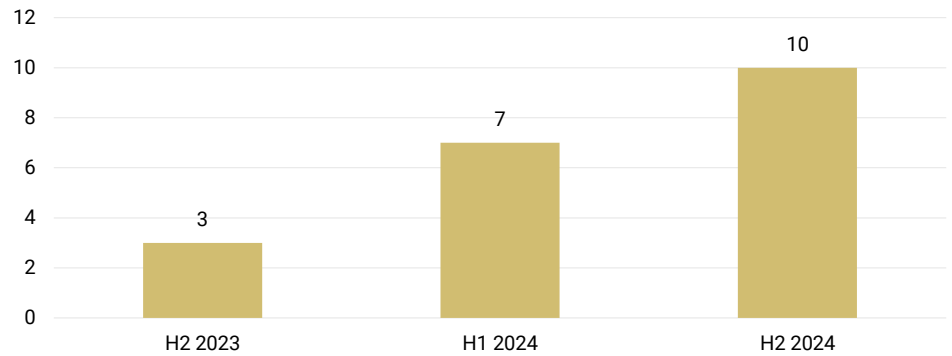
Source: Company, Zeus estimates

### High revenue visibility

GiG Software's highly repeatable, SaaS-based revenue model with multi-year contracts and high expected renewal rates provides high revenue visibility. As of Q3 2024, over 90% of revenue is recurring, based on 3–5-year contracts, and renewal rates are expected to reach in excess of 90%. As of Q3 2024, 80% of FY25 revenue is contracted. This is expected to increase to 90% by the end of Q4 2024. Recurring revenue is derived from its two key platforms, CoreX (including DataX and LogicX) and SportX along with a Managed Service offering.

GiG Software's prospective revenue is supported by its accelerating brand launches and rapidly expanding sales pipeline. The new management team has increased the pace of brand launches from only three in H1 2023 to 7 in H2 2023 and 10 in H1 2024. Recent announcements confirm the Group is increasing its blue-chip customer base at an increasing rate. Management has ambitions to grow this customer base by 20 net new customers a year, which Zeus incorporate into forecasts.

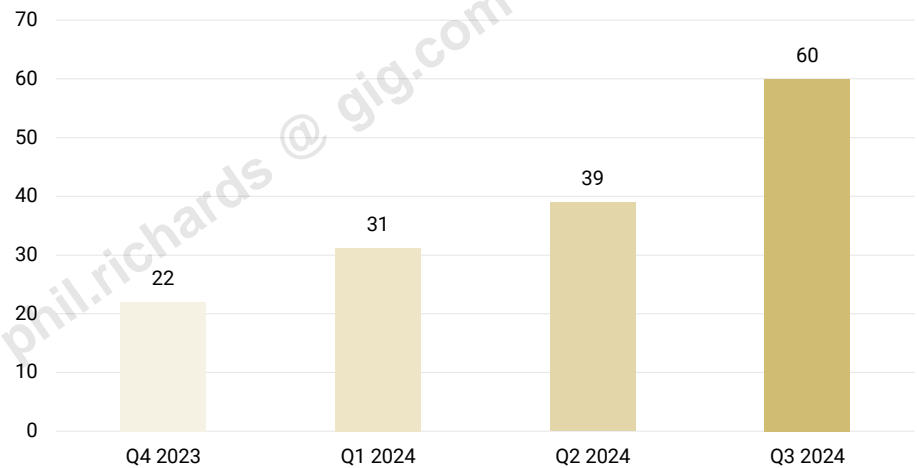
## Exhibit 25: New brand launches



Source: GiG Software, Zeus

Growth in the number of launches appears well supported by the company's growing sales pipeline. The new management team has been able to grow the company's sales pipeline by 172% from €22m at the beginning of the year to €60m at the end of the Q3 2024.

## Exhibit 26: Sales pipeline progression (€'m)



Source: GiG Software

## Strong revenue growth

Zeus forecasts total platform revenues to grow 32% to €33.6m in FY25, driven by a 42% growth in net new customers to 68. Set up fees of €150k per customer remains broadly unchanged as we assume GiG can secure a further 6 customers in Q4 2024 following the 13 net new customers signed up to YTD, in line with its strategy.

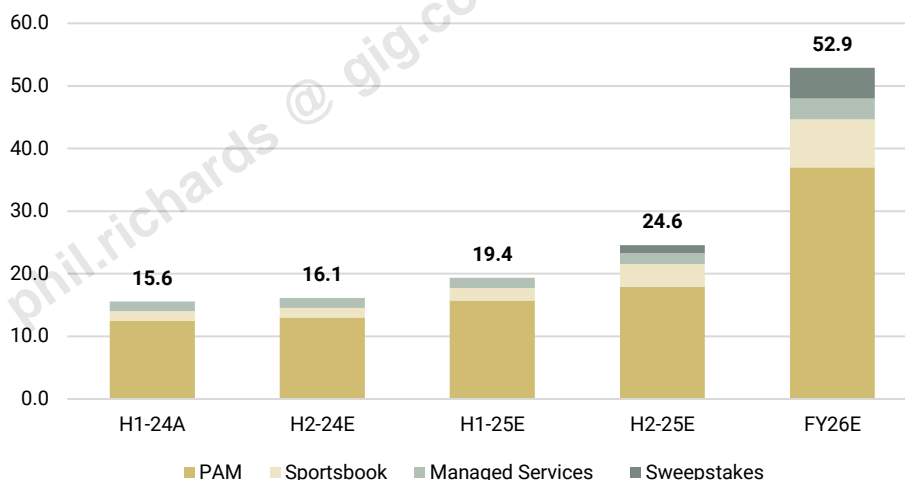
As mentioned above, GiG Software historically attracted lower quality customers due to undercutting prices and offering a subpar proposition. The new management team have been proactive in exiting this low-quality client base through 2024, and recent announcement of blue-chip clients and partnership wins such as Primero provide us with confidence in management achieving our forecasted net clients wins through 2025 and 2026. This should provide a significant uplift to minimum revenues contracted on which ARR is calculated, along with further upside as customers grow. Customer growth above the average minimum revenue per customer per month of c. €70k is not factored into current forecasts, giving us confidence in management at least meeting expectations.

We forecast GiG Software’s sportsbook, SportX, to grow strongly in FY25 to €5.7m, driven by a H2 weighted performance as management upgrades the offering in H1 2025 and begins marketing the platform as a standalone offering along with the fully integrated PAM offering. We expect this strong revenue momentum to continue into FY26, growing at 35% as it cross-sells the Sportsbook offering into the 70% of its high-quality PAM (CoreX) client base which do not currently use SportX.

We assume Managed Services remains a steady across the forecast period as management focuses on growing its CoreX and SportX platforms. Although Managed Services can increase the stickiness of customers, the offering is targeted at mid and lower tier operators. With GiG Software’s client base becoming increasingly reputable and blue-chip, we do not envisage Managed Services being the primary driver of growth going forward.

We see potential upside to our current Sweepstakes forecasts. GiG Software has already signed an agreement with Primero Games LLC, the largest supplier of land-based sweepstakes machines throughout the US, which plan to launch with SweepX in Q4 2024, along with an exceptionally strong orderbook of over ten operators. At present, we forecast only a small percentage of Group revenue to come from SweepX in FY25, rising to 10% by FY26, however, should GiG Software mobilise the orderbook sooner than forecasted, or regulations move quicker in the US sweepstakes market, we see potential upside over the near to medium term. Longer term, we do not see sweepstakes being a key revenue driver for the Group due to market developments in the US regulatory space.

### Exhibit 27: Product revenue forecasts (€'m)



Source: Company, Zeus estimates

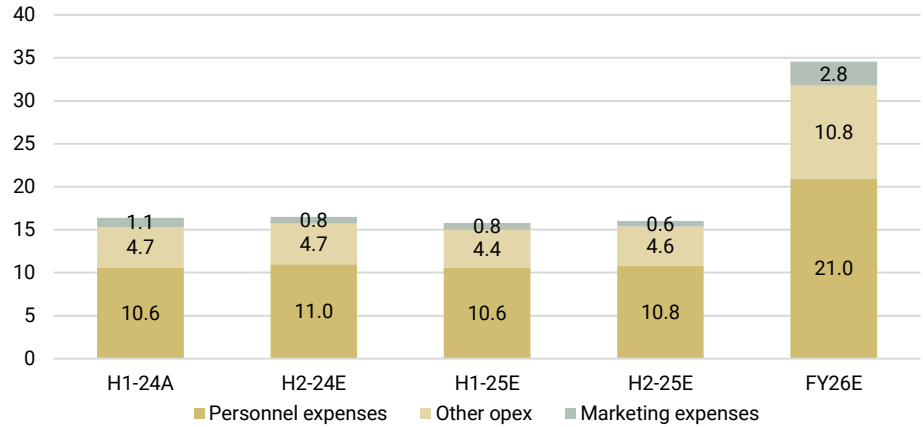
### High operational leverage

GiG Software has significant capacity to scale. A high gross margin of c. 95% coupled with a high fixed cost base, stable capital investments and low working capital intensity provides a strong base for operational gearing. Management has been rationalising the cost base through 2024, which we forecast bears fruit in 2025 and 2026. The key rationalising will come from synergies in platform expenses as GiG Software transfers Alira clients across to its CoreX platform. This should provide the opportunity to eliminate redundant costs of running two siloed platforms across admin, R&D and development teams. With large capex programmes largely out the way and a restructuring of its platforms and cost base helping free up capital to be allocated towards higher yielding projects, Zeus believes this should support a cycle of faster revenue growth with limited incremental costs.

The cost base, excluding D&A, is comprised of c. 65% staff costs, 30% other opex such as R&D, IT and platform hosting costs and 5% marketing costs. We forecast operating costs in FY25 to reduce slightly through this rationalisation, offset by some wage increases and inflation. Zeus

forecasts operating costs to increase only €1.7m between FY24 to FY26 whilst revenue rises 70%, supporting a significant swing in adj. EBITDA of c. €19m.

**Exhibit 28: Underlying operating costs (€'m)**



Source: Zeus estimates

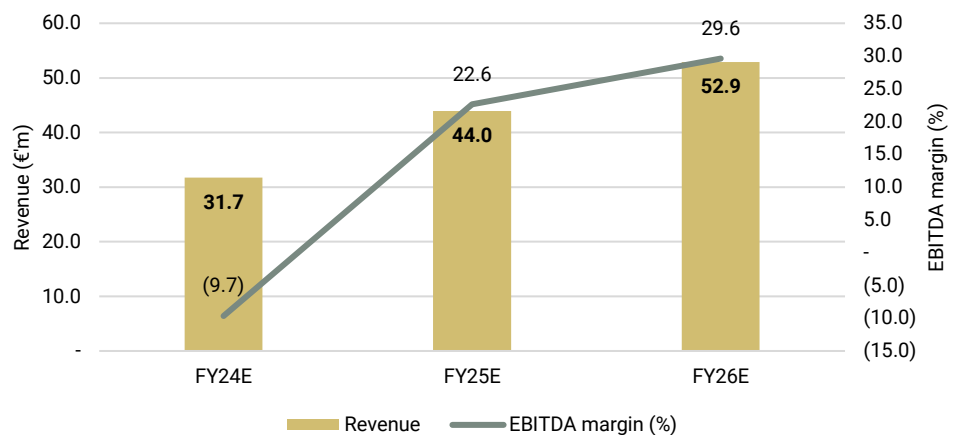
**Stable capital investments**

At present, GiG Software is capitalising c. €3.0m a quarter as the Group invests in its X suite to ensure it remains market leading. Zeus forecasts capitalised investments to remain steady over the forecast period a quarter. We believe there should be a material improvement in the allocation of investments over the coming 12-18 months. GiG Software continues to invest in the Alira platform as it transitions clients onto CoreX, however, the Group is nearing the end of this investment cycle, allowing for a more efficient allocation towards upgrading the current offering and streamlining its investments into high-returning projects such as SportX and SweepX. As such, Zeus forecasts D&A to remain stable in FY25 and FY26, allowing the Group to further leverage its fixed cost base.

**Strong margin potential**

Bringing this together, Zeus forecasts EBITDA margins to reach 29.6% by FY26 end, as the strong revenue growth matched with a highly leveraged fixed cost base supports strong incremental drop through to profit. We estimate 65% drop-through of incremental revenue to Adjusted EBITDA in FY26. The Exhibit below showcases the adj. EBITDA progression from FY24E to FY26E. GiG Software's FY26 expected EBITDA margin compares favourably to incumbents such as Playtech's B2B margin of 29.4% in H1 2024 when comparing against size and scale.

**Exhibit 29: EBITDA margin forecasts**



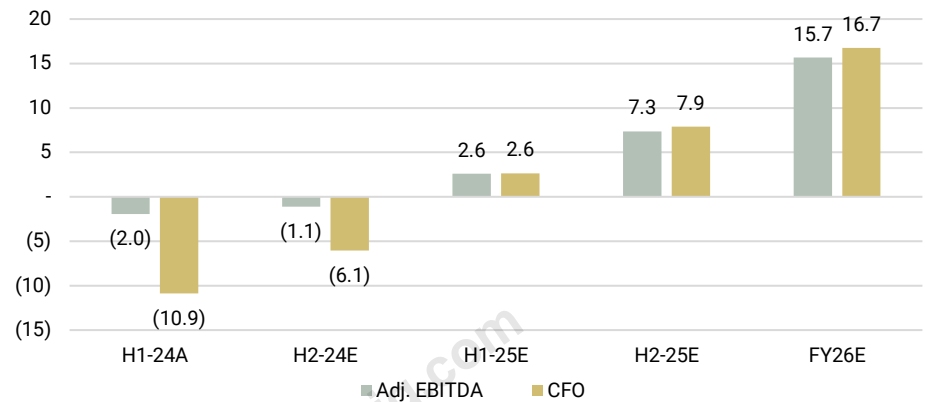
Source: Company, Zeus estimates



### High cash conversion potential

GiG Software has high underlying cash conversion. Working capital requirements are limited. Setup fees are billed 50% upfront and 50% in 30-60 day on average. The company invoices operators monthly for core platform transactions and collect receivables over an average of 30 days. As a result, underlying operating cash conversion should be above 90%. However, operating cash conversion has been poor recently due to increased investment into the people and platform as the company repositions for growth, leading to an EBITDA loss in Q3 2024, albeit we forecast Q4 2024 to produce an EBITDA breakeven before growing to €2.6m in H1 2025. Cash conversion has also been impacted by individual spin-off costs of €0.6m in H1 2024 and €0.4m in Q3 2024.

### Exhibit 30: Cash conversion progression (€'m)

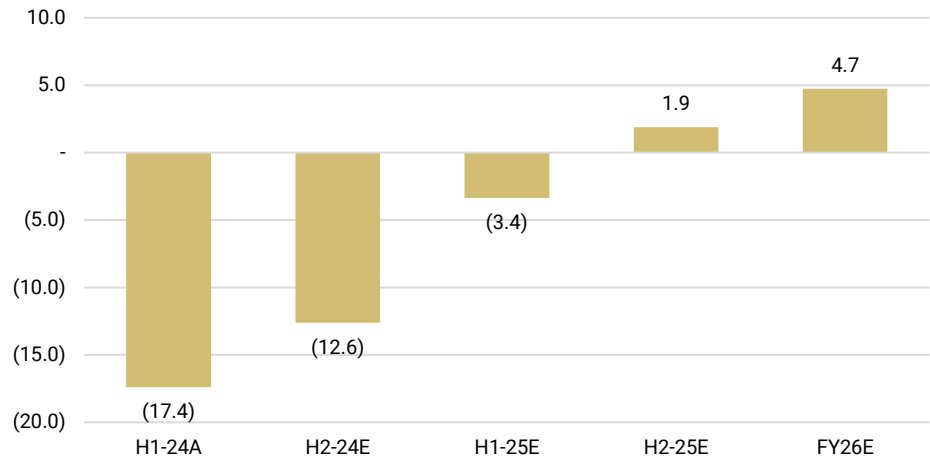


Source: GiG Software, Zeus. CFO excludes tax.

### Strong balance sheet

GiG has a strong balance sheet and is well capitalised to fund the company to FCF breakeven by Q3 2025. The company had net cash of €9.5m at the end of September 2024, which includes €0.5m of debt. As we have discussed in Q3 2024 performance, the cash flow profile of the business has been unusually lumpy due to the different payments agreed with the parent company, Gentoo, a large paydown of borrowings and significant working capital movements as the company clean up the balance sheet. Zeus expects most of these payments to be complete in Q4 2024, which results in significant working capital inflow of c. €3m, impacting FCF. Excluding these one-off items, we expect the FCF loss to narrow in H1 2025 to -€3.4m before turning positive in Q3 2025 and beyond.

### Exhibit 31: FCF progression



Source: Zeus

## Valuation

Zeus uses a two-stage approach to value GiG Software, based on publicly traded peers and intrinsic discounted cash flow (DCF) analysis. The Exhibit below summarises our valuation estimates, which provide an average of SEK 12.0, offering c. 180% upside to last nights close.

### Exhibit 32: Valuation summary

Valuation summary	Share price (SEK)
EV/EBITDA FY25	10.1
DCF	13.9
<b>Average</b>	<b>12.0</b>
Current share price (SEK)	4.3
Upside (%)	180

Source: Zeus

### Peer analysis

Our first valuation approach looks at publicly listed online gambling and platform software businesses operating in the iGaming industry globally. The Exhibit below provides an overview of forward-looking EV/EBITDA and P/E multiples along with forecasted EBITDA margins and sales growth based on FactSet data and Zeus estimates.

### Exhibit 33: GiG Software peer analysis

Company	FY end	EV (€'m)	EV/EBITDA (x)			P/E (x)			EBITDA growth FY3 (%)	EBITDA margin average FY1-FY3 (%)	Sales CAGR FY1-FY3 (%)
			FY1	FY2	FY3	FY1	FY2	FY3			
<b>Platform software</b>											
Playtech	Dec	2,871	6.1	7.9	7.3	13.7	16.7	15.3	7.9	23.9	(2.4)
Evolution	Dec	17,024	12.1	10.4	9.1	15.9	13.5	11.6	14.4	69.0	13.5
Kambi Group	Dec	235	4.3	3.7	3.1	17.8	16.6	9.6	18.3	35.2	5.1
GAN Limited	Dec	96	19.8	9.8	5.9	n/a	n/a	n/a	66.3	7.0	11.6
Bragg Gaming Group	Dec	99	6.6	5.4	5.2	n/a	n/a	n/a	5.2	15.9	8.5
<b>Average</b>			<b>9.8</b>	<b>7.4</b>	<b>6.1</b>	<b>15.8</b>	<b>15.6</b>	<b>12.2</b>	<b>22.4</b>	<b>30.2</b>	<b>7.2</b>
<b>Online gambling</b>											
Entain	Dec	10,225	8.1	7.6	7.0	27.3	17.2	11.4	8.5	21.4	4.2
Betsson	Dec	3,198	10.2	9.5	8.8	8.7	7.4	6.8	7.4	28.7	7.6
International Game Technology	Dec	9,235	8.2	8.6	6.9	n/a	n/a	n/a	23.3	48.7	(0.9)
DraftKings	Dec	19,884	73.2	22.4	14.3	n/a	75.7	29.6	56.4	13.6	22.5
Flutter Entertainment	Dec	46,788	20.6	15.8	12.3	42.8	29.6	21.3	28.3	19.8	14.6
Evoke	Dec	2,126	6.1	5.2	4.7	37.0	4.7	2.9	11.3	18.5	6.1
Rush Street Interactive	Dec	2,522	31.6	22.7	16.8	67.8	33.3	28.1	35.4	11.5	13.3
<b>Average</b>			<b>22.6</b>	<b>13.1</b>	<b>10.1</b>	<b>36.7</b>	<b>28.0</b>	<b>16.7</b>	<b>24.4</b>	<b>23.2</b>	<b>9.6</b>
<b>Total Average</b>			<b>17.2</b>	<b>10.7</b>	<b>8.5</b>	<b>28.9</b>	<b>23.9</b>	<b>15.2</b>	<b>21.8</b>	<b>24.1</b>	<b>8.0</b>
<b>Total median</b>			<b>9.2</b>	<b>9.0</b>	<b>7.1</b>	<b>22.6</b>	<b>16.7</b>	<b>11.6</b>	<b>16.3</b>	<b>20.6</b>	<b>8.0</b>
<b>GiG Software</b>	<b>Dec</b>	<b>44.5</b>	<b>n/a</b>	<b>4.9</b>	<b>2.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>57.3</b>	<b>14.2</b>	<b>29.1</b>

Source: FactSet, Zeus

We would argue that GiG Software should trade on a higher EV/EBITDA multiple than the peer average due to the superior revenue growth across the forecast period (29% vs 8%) and FY26

EBITDA growth (57% vs 22%), reputable management team with a track record of execution and high operational leverage, which should support EBITDA margins well into 30% once the business has adequately scaled. We currently forecast the FY26 EBITDA margin to reach 29.6%, ahead of all the peer Group's forecasted FY26 margin except two (Evolution and IGT).

Based on the current FY25 peer EV/EBITDA average of 10.7x, however, we believe GiG Software should be worth at least SEK 10.1 based on FY25 EBITDA of €10.0m, offering more than 130% upside. Whilst we do not formally use FY26 EBITDA in this valuation, were we to do the same exercise based on the 8.5x EV/EBITDA peer average, the implied share price would be SEK 12.0.

## Exhibit 34: Implied EV/EBITDA valuation

GiG Software	FY25
EBITDA (€'m)	10.0
Peer average FY3 EV/EBITDA	10.7
<b>Implied EV (€'m)</b>	<b>107.0</b>
Net cash	9.4
<b>Equity value (€'m)</b>	<b>116.4</b>
SEK:EUR	11.7
<b>Equity value (SEK)</b>	<b>1,359.9</b>
Shares outstanding	134.7
<b>Implied share price (SEK)</b>	<b>10.1</b>
Upside (%)	133

Source: Zeus

## DCF

Our Second valuation approach uses a Discounted Cash Flow (DCF) analysis to look at the intrinsic value of GiG Software. Our analysis implies a share price of SEK 13.9 based on a WACC of 12.5% and terminal growth rate of 2.0%. Were it to have a terminal growth rate of 0.5% and a WACC of 15.5%, our sensitivity analysis indicates a share price of SEK 9.7, still more than 120% upside. Below we outline some key assumptions driving the DCF:

- ◆ **Revenue growth:** We build out our revenue growth assumption through net new customer wins, which declines steadily from 20 in 2025E to 8 in 2031E before remaining fixed until 2034E. We assume sportsbook revenue grows at a decreasing rate from 35% in 2025E to 5% by 2034E. Managed services growth remains conservative at 5% across the period and Sweepstakes revenue growth declines gradually until 2030E where it turns negative.
- ◆ **Tax rate:** We assume a 20% tax rate starting 2027E as any tax losses are utilised over the explicit forecast period.
- ◆ **D&A and capex:** we assume D&A remains steady across the period at €16.0m, which is ahead of forecasted net capex. This relationship is underpinned by over €100m of capital investment put into developing the products over the preceding 10 years, reducing the need for any further large capex programmes in the near-medium term.
- ◆ **Working capital:** We prudently assume a small working capital outflow over the period, despite GiG Software having a favourable working capital cycle as described in our forecasts section.
- ◆ **WACC:** We use a WACC of 12.5%, driven by a cost of equity of 14.6% and a post-tax cost of debt of 4.0%. We assume an 80% weighting towards equity as GiG Software is able to grow operations through internally generated funds.

## Exhibit 35: Discounted Cash Flow analysis

Year to 31 Dec (€'m)	Explicit forecast period			Transition to long-term growth							
	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue	31.7	44.0	52.9	66.2	79.7	88.5	95.5	100.9	107.4	113.1	117.2
Growth (%)		38.6	20.3	25.1	20.4	11.0	7.9	5.7	6.4	5.3	3.6
Adj. EBIT	(22.9)	(6.0)	(0.3)	11.2	17.1	21.1	24.2	27.0	29.8	32.6	34.6
Tax rate (%)	-	-	-	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
<b>NOPAT</b>	<b>(22.9)</b>	<b>(6.0)</b>	<b>(0.3)</b>	<b>9.0</b>	<b>13.7</b>	<b>16.9</b>	<b>19.3</b>	<b>21.6</b>	<b>23.9</b>	<b>26.1</b>	<b>27.7</b>
D&A	19.8	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Changes in working capital	(10.8)	0.6	1.1	(1.0)	(1.2)	(1.4)	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)
Net capex (incl. growth)	(14.0)	(12.0)	(12.0)	(12.0)	(12.3)	(12.5)	(12.8)	(13.0)	(13.3)	(13.5)	(13.8)
Payment of lease and other	(2.4)	(1.8)	(1.8)	(1.8)	(2.0)	(2.2)	(2.4)	(2.6)	(2.8)	(3.0)	(3.2)
<b>FCFF</b>	<b>(30.2)</b>	<b>(3.3)</b>	<b>2.9</b>	<b>10.2</b>	<b>14.3</b>	<b>16.8</b>	<b>18.6</b>	<b>20.4</b>	<b>22.2</b>	<b>24.0</b>	<b>25.1</b>
Discount factor	0.3	0.9	0.8	0.7	0.6	0.6	0.5	0.4	0.4	0.3	0.3
<b>Discounted FCF</b>	<b>(7.6)</b>	<b>(2.9)</b>	<b>2.3</b>	<b>7.2</b>	<b>8.9</b>	<b>9.3</b>	<b>9.2</b>	<b>9.0</b>	<b>8.7</b>	<b>8.3</b>	<b>7.7</b>

Source: Zeus

## Exhibit 36: DCF Summary

	€'m
Present Value of FCFF	67.7
Terminal Value of FCFF	83.1
<b>Total NPV of FCFF</b>	<b>150.8</b>
Net (debt) / cash	9.4
<b>Implied Equity Value</b>	<b>160.2</b>
SEK:EUR	11.7
<b>Implied Equity Value (SEK)</b>	<b>1,871.9</b>
Shares outstanding	134.7
<b>Value per share (SEK)</b>	<b>13.9</b>
Current share price (SEK)	4.3
<b>Upside (%)</b>	<b>221</b>

Source: Zeus, FactSet

## Exhibit 37: Sensitivity analysis

(X-axis: terminal growth rate, y-axis: WACC)

	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
<b>9.5%</b>	18.6	19.2	19.9	20.7	21.6	22.7	24.0
<b>10.5%</b>	16.3	16.8	17.3	17.9	18.6	19.3	20.1
<b>11.5%</b>	14.5	14.9	15.2	15.7	16.2	16.7	17.3
<b>12.5%</b>	13.0	13.3	13.6	<b>13.9</b>	14.3	14.7	15.1
<b>13.5%</b>	11.7	11.9	12.2	12.4	12.7	13.0	13.3
<b>14.5%</b>	10.7	10.8	11.0	11.2	11.4	11.7	11.9
<b>15.5%</b>	9.7	9.9	10.0	10.2	10.4	10.5	10.7

Source: Zeus

## The Numbers

### Exhibit 38: Income statement

Year end 31 Dec (€m)	H1-24A	H2-24E	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>15.6</b>	<b>16.1</b>	<b>31.7</b>	<b>44.0</b>	<b>52.9</b>
Growth (%)			(16.2)	38.6	20.3
Cost of sales	(1.1)	(0.8)	(1.8)	(2.2)	(2.6)
<b>Gross profit</b>	<b>14.5</b>	<b>15.4</b>	<b>29.9</b>	<b>41.8</b>	<b>50.2</b>
Gross margin (%)	93.1	95.4	94.3	95.0	95.0
Operating costs (ex. D&A)	(16.4)	(16.5)	(32.9)	(31.8)	(34.6)
Other income	(0.1)	-	(0.1)	-	-
<b>Adj. EBITDA</b>	<b>(2.0)</b>	<b>(1.1)</b>	<b>(3.1)</b>	<b>10.0</b>	<b>15.7</b>
EBITDA margin (%)	(12.5)	(6.9)	(9.7)	22.6	29.6
D&A	(9.3)	(10.5)	(19.8)	(16.0)	(16.0)
<b>Adj. EBIT</b>	<b>(11.3)</b>	<b>(11.6)</b>	<b>(22.9)</b>	<b>(6.0)</b>	<b>(0.3)</b>
EBIT margin (%)	(71.6)	(72.0)	(72.1)	(13.8)	(0.6)
Net finance expense	(2.0)	1.2	(0.8)	(0.6)	(0.6)
<b>Adj. PBT</b>	<b>(13.3)</b>	<b>(10.4)</b>	<b>(23.7)</b>	<b>(6.6)</b>	<b>(0.9)</b>
Tax (charge) / credit	(0.0)	(0.4)	(0.4)	-	-
Effective tax rate (%)	(0.1)	(4.0)	(1.7)	-	-
<b>Adj. PAT</b>	<b>(13.4)</b>	<b>(10.8)</b>	<b>(24.1)</b>	<b>(6.6)</b>	<b>(0.9)</b>
<b>Adjusted to reported Memo</b>					
<b>Adj. PAT</b>	<b>(13.4)</b>	<b>(10.8)</b>	<b>(24.1)</b>	<b>(6.6)</b>	<b>(0.9)</b>
Goodwill / intangible impairments	-	(50.8)	(50.8)	-	-
Other exceptionals	-	(1.8)	(1.8)	-	-
Share based payments	(0.6)	(0.8)	(1.5)	(1.6)	(1.6)
Spin-off costs	(0.6)	(0.4)	(1.0)	-	-
<b>Reported PAT</b>	<b>(14.5)</b>	<b>(64.6)</b>	<b>(79.2)</b>	<b>(8.2)</b>	<b>(2.5)</b>

Source: GiG Software, Zeus

## Exhibit 39: Indicative cash flow statement

Year end 31 December (€'m)	H1-24A	H2-24E	FY24E	FY25E	FY26E
EBITDA	(5.2)	(54.9)	(60.1)	8.4	14.1
SBC	0.6	0.8	1.4	1.6	1.6
Other non-cash costs	-	52.7	52.7	-	-
Changes in working capital	(6.2)	(4.6)	(10.8)	0.6	1.1
<b>Cash from operations</b>	<b>(10.8)</b>	<b>(6.1)</b>	<b>(16.9)</b>	<b>10.5</b>	<b>16.7</b>
Tax paid	(0.0)	(0.1)	(0.1)	-	-
<b>Net cash from operations</b>	<b>(10.9)</b>	<b>(6.1)</b>	<b>(17.0)</b>	<b>10.5</b>	<b>16.7</b>
Capital investments (PPE & Intangibles)	(7.5)	(6.5)	(14.0)	(12.0)	(12.0)
<b>Cash used in investing activities</b>	<b>(7.5)</b>	<b>(6.5)</b>	<b>(14.0)</b>	<b>(12.0)</b>	<b>(12.0)</b>
Interest & loans paid	(6.2)	(6.6)	(12.8)	(0.6)	(0.6)
Capital cont. from Gentoo	18.6	26.9	45.4	-	-
Lease principle repaid	(1.2)	(1.1)	(2.4)	(1.8)	(1.8)
<b>Cash used in financing activities</b>	<b>11.2</b>	<b>19.1</b>	<b>30.3</b>	<b>(2.4)</b>	<b>(2.4)</b>
<b>Net change in cash</b>	<b>(7.2)</b>	<b>6.5</b>	<b>(0.7)</b>	<b>(3.9)</b>	<b>2.3</b>
Opening cash	10.6	3.4	10.6	9.9	6.0
<b>Closing cash</b>	<b>3.4</b>	<b>9.9</b>	<b>9.9</b>	<b>6.0</b>	<b>8.4</b>

Source: GiG Software, Zeus.

# Historical financial statements

## Exhibit 40: Historical income statement

Year end 31 Dec (€'m)	FY23A	H1-24A	Q3-24A
<b>Revenue</b>	<b>37.8</b>	<b>15.6</b>	<b>7.4</b>
Cost of sales	(1.2)	(1.1)	(0.3)
<b>Gross profit</b>	<b>36.7</b>	<b>14.5</b>	<b>7.1</b>
Gross margin (%)	96.9	93.1	95.9
Operating costs (ex. D&A)	(28.7)	(16.4)	(8.2)
Other income	0.4	(0.1)	-
<b>Adj. EBITDA</b>	<b>8.4</b>	<b>(2.0)</b>	<b>(1.1)</b>
EBITDA margin (%)	22.2	n/a	n/a
D&A	(15.7)	(9.3)	(6.0)
<b>Adj. EBIT</b>	<b>(7.3)</b>	<b>(11.3)</b>	<b>(7.1)</b>
Net finance expense	(2.0)	(2.0)	1.3
<b>Adj. PBT</b>	<b>(9.3)</b>	<b>(13.3)</b>	<b>(5.8)</b>
Tax (charge) / credit	(0.2)	(0.1)	(0.4)
<b>Adj. PAT</b>	<b>(9.5)</b>	<b>(13.4)</b>	<b>(6.2)</b>
<b>Adjusted to reported Memo</b>			
<b>Adj. PAT</b>	<b>(9.5)</b>	<b>(13.4)</b>	<b>(6.2)</b>
Movements in contingent consideration	10.3	-	-
Intangibles Impairment	-	-	(50.8)
Other exceptionals	(0.2)	-	(1.7)
Share based payments	(0.9)	(0.6)	(0.4)
Spin-off costs	-	(0.6)	(0.4)
<b>Reported PAT</b>	<b>(0.2)</b>	<b>(14.5)</b>	<b>(59.6)</b>

Source: GiG Software, Zeus

## Exhibit 41: Historical balance sheet

Year end 31 Dec (€'m)	FY23A	Q3-24A
Goodwill	59.0	12.7
Intangible assets	41.9	33.1
PPE	3.1	2.6
ROU assets	1.0	1.0
Trade and other receivables	3.2	5.3
<b>Non-current assets</b>	<b>108.2</b>	<b>54.7</b>
Trade & other receivables	14.9	16.6
Cash	10.6	10.0
<b>Current assets</b>	<b>25.5</b>	<b>26.6</b>
<b>Total assets</b>	<b>133.6</b>	<b>81.3</b>
Borrowings	(7.1)	(0.2)
Deferred income tax liabilities	(1.2)	(1.2)
Other payables	(2.0)	(2.6)
Lease liabilities	(1.5)	(1.3)
<b>Non-current liabilities</b>	<b>(11.8)</b>	<b>(5.3)</b>
Trade & other payables	(24.6)	(13.7)
Borrowings	(16.0)	(0.3)
Lease liabilities	(1.1)	(2.2)
<b>Current liabilities</b>	<b>(41.7)</b>	<b>(16.2)</b>
<b>Total liabilities</b>	<b>(53.5)</b>	<b>(21.5)</b>
<b>Net assets</b>	<b>80.2</b>	<b>59.8</b>

Source: GiG Software, Zeus



## Exhibit 42: Historical cash flow statement

Cash flow statement (€'m)	FY23A	H1-24A	Q3-24A
Profit from operations	0.6	(14.4)	(59.2)
D&A	15.7	9.2	6.2
Impairment of intangibles	-	-	50.8
SBC	0.9	0.6	0.4
Bad debt write-off	-	-	1.6
Impairment of receivables	3.1	-	-
Tax paid	(0.3)	(0.0)	(0.1)
Change in receivables	(7.2)	0.3	(5.8)
Change in payables	11.0	(6.5)	(3.6)
<b>CFO</b>	<b>23.9</b>	<b>(10.9)</b>	<b>(9.6)</b>
Capex	(15.6)	(7.5)	(3.5)
Movement in contingent consideration	(10.5)	-	-
Acquisition of subsidiary	(4.2)	-	-
<b>CFI</b>	<b>(30.4)</b>	<b>(7.5)</b>	<b>(3.5)</b>
Loan repayment	(0.0)	(5.8)	(6.4)
Interest	(1.1)	(0.4)	(0.1)
Leases	(1.2)	(1.2)	(0.6)
Capital cont. from parent	10.3	18.6	26.9
<b>CFF</b>	<b>8.0</b>	<b>11.2</b>	<b>19.7</b>
<b>Net movement in cash</b>	<b>1.6</b>	<b>(7.3)</b>	<b>6.6</b>
Opening cash	9.0	10.6	3.4
<b>Closing cash</b>	<b>10.6</b>	<b>3.4</b>	<b>10.0</b>

Source: GiG Software

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## Key risks

- ◆ **Unregulated environments:** GiG Software generates the majority of its revenue from Regulated markets, however, just under a fifth of revenue is generated from unregulated markets. Unregulated markets are not illegal to operate in, however, they can sometimes attract less sophisticated operators aiming to maximise profits through player exploitation. Whilst this can result in a more favourable NGR share agreement with platform providers, without a regulatory framework in place, there is increased risk of operator being shut down or regulatory frameworks being introduced which can impact the profitability through higher compliance and set up costs along with reduced profitability from more competitive pricing.
- ◆ **Regulatory risk:** iGaming regulation is dynamic and varies by region. GiG Software has expert insight knowledge of regulation within its core geographies, however, there remains a risk that regulatory changes may impact the profitability of GiG Software and its customers. We see two key risk here; the first on the way operators are taxed and the second on regulations surrounding bonusing and ultimately deductibles allowed from gross gaming revenue (GGR) and net gaming revenue (NGR). At present, the majority of GiG Software's contracts are structured on NGR. This allows customers to offset GGR with taxes and marketable deductions typically between 10-15% but can up upwards of 20%. This varies by region, with the likes of Sweden prohibiting the use of bonusing and the UK setting clear limits. As such, any regulatory change on bonusing may reduce the amount of NGR share GiG receives. Additional regulation on taxes will have a similar impact through reducing NGR and profitability to GiG Software, its business model and commerciality in the region.
- ◆ **Gambling licences risk:** GiG Software has 30 gambling licences with the expectation of increasing this as more regions, such as Finland, become regulated. GiG Software's gaming licenses are normally issued for fixed durations, after which a renewal of the license is required. Renewing existing licenses can be time consuming for the Company and could cause the Company to incur licensing and compliance costs. Licenses also typically include termination provisions enabling regulators to revoke them under certain conditions. The revocation or non-renewal of licenses may arise because of the failure by the Company, its directors or management to adequately comply with the suitability, information reporting or other Company Description for the admission to trading of Swedish Depository Receipts in GiG Software on Nasdaq First North Premier Growth Market 12 requirements. Any revocation or non-renewal of licenses may have a material adverse effect on the business. Additionally, the revocation or non-renewal of current licenses may lead to adverse publicity and could have a negative impact on the Company's ability to successfully maintain its other existing licenses, or apply for licenses in the future.
- ◆ **Competitive risk:** The iGaming market is highly competitive with many peers operating globally and within the same regions and end markets as GiG Software. Whilst GiG Software differentiates itself from incumbents through a more agile technology stack, highly integrated PAM and sportsbook offering, market leading data and process automation tools (DataX and LogicX) and speed of launch due to expert local knowledge, there is a meaningful competitive risk from current legacy platforms along with new entrants. Increased competition may lead to reducing pricing and margins and reduce customer renewals.
- ◆ **Consumer risk:** GiG Software's revenue is dependent on consumers appetite to spend time and money on gaming. Revenues are therefore highly sensitive to consumer demand and willingness to use their disposable income on gaming. Whilst it could be argued online casinos and slots may be counter cyclical as consumers look for ways to boost income during economic contracts, this may lead to lower quality customers and reduced social acceptance of gambling, ultimately impacting GiG Software's revenue over the longer term.
- ◆ **Management risk:** GiG Software has undergone significant transformation over the last 12 months, enacted by a new management team. The Group also employees c. 450 employees with a large percentage of these within technology and developer roles. At present, the Board of GiG Software has not finalised a structured Long Term Incentive Plan (LTIP) package for all key executives with ambitious targets. Zeus understand this is to be agreed in early 2025, however, there is a risk that management incentives are not fully aligned with shareholders.

# Appendix

## Jurisdictions

The Exhibit below shows a list of jurisdictions where GiG Software is certified as compliant or passed regulatory audits in accordance with the technical standards.

### Exhibit 43: List of jurisdictions where GiG Software is compliant

Country	City (where relevant)
Belgium	
Croatia	
Estonia	
France	
Germany	
Greece	
Isle of Man	
Latvia	
MGA	
Portugal	
Romania	
Serbia	
Spain	
Sweden	
United Kingdom	
Canada	Ontario
US	New Jersey
US	Maryland
Mexico	
Argentina	City of Buenos Aires
Argentina	Province of Buenos Aires
Argentina	Province of Sante Fe
Argentina	Province of Cordoba
Argentina	Province of Mendoza
Argentina	Province of Entre Rios
Argentina	Province Jujuy
Colombia	
Curacao	
Alderney	

Source: GiG Software

## Shareholders

The Exhibit below shows the top 20 shareholders as of 30<sup>th</sup> September 2024.

### Exhibit 44: Top 20 shareholders

Shareholder	Position	% of shares outstanding
MJ Foundation	11,088,711	8.2%
Myrlid AS	7,197,500	5.4%
ZJ Foundation	6,069,375	4.5%
MJ Investments sp	5,830,425	4.3%
Nordea Livsförsäkring Sverige AB	5,505,587	4.1%
Optimus Invest Limited	5,500,000	4.1%
Betplay Capital sp	5,044,276	3.8%
LGT Bank, nom.	4,679,116	3.5%
Juroszek Holding sp	4,340,666	3.2%
Symmetry Invest A/S	4,000,000	3.0%
True Value Limited	3,043,677	2.3%
Riskornet AB	2,607,995	1.9%
Avanza Pension	2,603,121	1.9%
Hans Mikael Hansen	2,389,195	1.8%
Kvasshøgdi AS	2,009,437	1.5%
IBKR Financial Services AG	1,412,126	1.1%
Betplay Capital FR	1,348,750	1.0%
Jörgen Hartzberg	1,321,044	1.0%
GF Invest AS	1,280,000	1.0%
Consensus Småbolag	1,240,000	0.9%
<b>Top 20 shareholders</b>	<b>78,511,001</b>	<b>58.3%</b>

Source: GiG Software.

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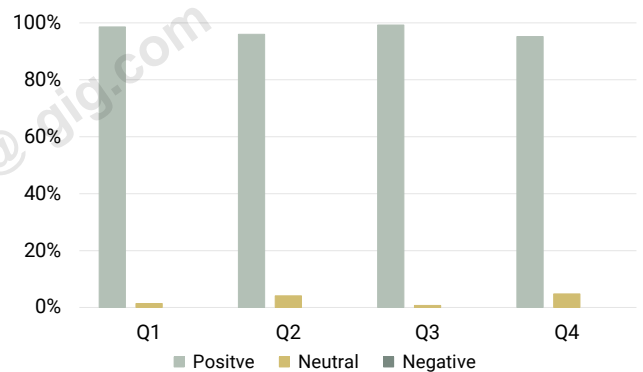
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