Gambling.com Group
First Quarter 2024 Earnings Conference Call
May 16, 2024

<u>Presenters</u>
Peter McGough, Vice President of Investor Relations
Charles Gillespie, Co-Founder and Chief Executive Officer
Elias Mark, Chief Financial Officer

<u>Q&A Participants</u>
David Bain - B. Riley Securities
Jeff Stantial - Stifel
Ramin Sobhany - Truist Securities
David Katz - Jefferies
Chad Beynon - Macquarie
Ryan Sigdahl - Craig-Hallum
Clark Lampen - BTIG

Operator
Greetings and welcome to the Gambling.com Group First Quarter 2024 Earnings Conference Call.

At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press "*", "0" on your telephone keypad.

As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Peter McGough, Senior Vice President of Investor Relations and Capital Markets. Thank you, sir. You may begin.

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

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

You may also contact Investor Relations support by emailing investors@gdcgroup.com. I would like to remind you that the information contained in this conference call, including any financial and related guidance to be provided, consists of forward-looking statements, as defined by securities laws. These statements are based on information currently available to us and involve risks and uncertainties that could cause actual future events, performance, and business prospects, and opportunities to differ, materially, from those expressed in or implied by these statements.

Some important factors that could cause such differences are discussed in the Risk Factors section of Gambling.com Group's filings with the Securities and Exchange Commission.

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

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

I'll now turn the call over to Charles.

Charles Gillespie
Good morning and thank you for joining us. We are off to a great start in 2024 with year-on-year growth, across every region. But before we get into the results, I'd like to begin by thanking Mark Blandford for over 15 years of distinguished service on our Board of Directors.

With Mark's support, we have grown this business from a small startup in 2008 to one of the leading companies in our space. Mark's mentorship and insight over the years has played an instrumental role in the development of the company ,and I have no doubt he will remain just as strong of a supporter in his retirement.

Now on to the results. Robust revenue performance around the world led us to record Q1 revenue and very strong adjusted EBITDA and free cash flow metrics, which exceeded consensus estimates, across the board. While we have been phenomenally successful in North America in recent years, these results are a reminder that we operate a global high growth business with multiple profit centers around the world.

We have built and continued to expand a business that is positioned to, consistently, monetize the many global growth opportunities that exist today in the online gambling industry. Our strong foundation centered on a branded, highly effective global website portfolio, including

the recent addition of Freebets.com, along with our best-in-class technology stack sets the company up for long-term growth.

And as new international markets continue to be regulated, new states approve online sports betting and iGaming becomes a bigger part of the online betting ecosystem in the US, our growth opportunities will only continue to expand, just as they have done for the past 18 years.

At the same time, we will further extend our successful track record of execution to capitalize on these secular growth opportunities and continue to do so in a highly capital efficient manner, ultimately driving substantial increases to cash flow.

Last year, we exceeded $100 million in revenue for the first time. While we have seen many milestones on our journey, this was the most tangible evidence yet of our growing scale. When I look forward, it is clear what the next major milestone will be, $100 million in adjusted EBITDA.

This is the logical next step for the company to drive towards, as we continue to execute on all of the organic growth opportunities we have and layer on additional accretive acquisitions, which will expand our footprint within the online gambling ecosystem. Being at the center of two very important long-term trends will help us hit this next milestone.

Gambling is digitizing. The revenue of online gambling has exceeded the revenue of land-based gambling in many markets throughout the world, where it has been regulated for some time. In certain cases, online gambling is over 90% of the total gambling market. This trend for iGaming still has a very long way to go in the US, the world's largest casino market, where the percentage in 2023 was only 10%.

The second key long-term trend is the ongoing digital revolution in advertising, whereas marketers were previously blind, now they can see due to the clean and clear attribution available from all digital channels. Gambling.com Group sits at the intersection of both of these clear long-term trends with our technology platform and portfolio of assets.

But at the center of that portfolio is a core of indomitable brands like Gambling.com, RotoWire.com and Bookies.com, unique assets which will forever be at the heart of online gambling. All of us at Gambling.com Group are excited to be on this journey and eager to capitalize on these opportunities.

There have been some significant shifts in the digital landscape over the past 10 days, which are having an effect on every corner of the Internet. Over the past several years, large websites with strong reputations, like newspapers, have increasingly pivoted to performance marketing to drive revenue from commercial content like coupon codes, credit card offers, and sports betting.

Given their strong reputations and attention to content quality, they have succeeded in ranking, competitively, in Google's results for these commercial terms and created new lines of revenue for themselves. This has been a boon for these legacy media organizations, which have been searching for ways to improve their digital monetization.

In many cases, these websites have partnered with industry specialists in each vertical to improve the quality of the content and maximize the business potential of these efforts. This is exactly what we have done with McClatchy, The Independent and Gannett.

As with everything online, there are also examples of abuse. The most egregious abuses of a site's reputation occur when hackers gain unauthorized access to a website and put up individual pages targeting commercial content that are poor quality and stick out like a sore thumb. There are also many shades of gray between this sort of obvious abuse and the relevant and accurate commercial content that powers many of these legacy media organizations.

Google has been working to reduce the prevalence of these instances of clear abuse. For many months, Google's human reviewers have been internally flagging content, which they perceived to be violating their policies of what they refer to as site reputation abuse. On May 5th, Google activated the new policy publicly, informing webmasters that certain content may violate the policy and demoting such content in Google's search results.

The amount of content that has fallen within the perimeter of Google's new policy is greater than anyone would have expected, whether that content was created by the legacy media organization entirely on their own or with the help of a specialist partner.

This is not a typical update to Google's algorithms, but rather a global policy shift, which affects all industries, not just online gambling. Google has effectively moved the goalposts on what they deem to be acceptable locations for particular types of commercial content.

Virtually all media partnerships, including the ones in the online gambling industry and our own, have been affected. We remain committed to our media partners, as they organize to make a concerted effort to push back on what they perceive to be an overly broad implementation of this new policy. After all, newspapers were making money off of coupons, long before the Internet ever existed.

For the avoidance of doubt, our owned and operated sites are unaffected and will benefit from less competition in the search engine results pages from legacy media websites. We do expect to receive more traffic directly to our own specialist brands like Gambling.com, RotoWire.com and Bookies.com, and we can already see signs of this shift.

With a higher proportion of traffic flowing directly to our owned and operated assets and lower fees to pay out to our media partners, the net effect on EBITDA of these changes will be limited. Revenue, however, will be directly affected. The strength of our owned and operated assets

and the resiliency of our business enable us to continue to expect healthy year-on-year growth and adjusted EBITDA, despite this major and unexpected shift in the digital media landscape. We are updating our revenue guidance today to $118 million to $122 million and updating our adjusted EBITDA guidance to $40 million to $44 million. The midpoint of our adjusted EBITDA guidance still represents year-on-year growth of 14%.

I will add that, given the better long-term competitive positioning of our owned and operated websites, we remain comfortable with the current consensus estimate for 2025 adjusted EBITDA. This would represent approximately 25% year-over-year growth and put us more than halfway toward our goal of reaching $100 million in adjusted EBITDA.

Now let me turn the call over to Elias for review of the first quarter financial highlights.

Elias Mark
Thank you, Charles. Revenue of $29.2 million was a first quarter record, as we delivered more than 107,000 NDCs in Q1, up 22% compared to the year ago period. The 9% year-over-year revenue increase reflects growth in each of our global regions in which we operate.

North American revenue, our largest market, was up 5% year-over-year, UK and Ireland rose 5%, other Europe grew 39% and Rest of the World grew 29%. North American revenue benefited from a few weeks of operations in North Carolina following the market launch in March, but this is compared against Ohio and Massachusetts, both launching in Q1 of 2023.

We closed our acquisition of Freebets.com and related assets on April 1st, so we did not record contributions from these assets in Q1.

Gross profit increased 5%, or $1.3 million year-over-year to $27 million.

Cost of sales grew year-over-year to $2.2 million, as a result of our successful ramp of Gannett and Independent media partnerships. On a sequential basis, however, cost of sales decreased substantially, as a portion of revenues from media partnerships declined from an exceptionally high Q4.

Total operating expenses of $19.1 million in the first quarter of 2024 increased 9%, compared to the year ago period, or 7% in constant currency. We expect to generate operating efficiencies, the full year as revenue is still expected to grow faster than total expenses.

Our workforce is right sized today, and our internal focus is very much on ROI focused allocation of both capital and human resources.

Adjusted EBITDA for the first quarter of 2024 was $10.2 million, compared to $10.7 million in the year ago quarter. Q1 adjusted EBITDA margin of 35% rose 300 basis points on a quarterly sequential basis, consistent with the midpoint of our full year guidance at 35%.

Adjusted net income and adjusted net income per diluted share for the first quarter of 2024 were flat at $7.5 million and $0.20 respectively, compared to the year ago period.

Free cash flow increased 32% in the quarter to $8.2 million, as we converted 28% of revenue and 81% of adjusted EBITDA to free cash flow.

During the first quarter, we continued to repurchase shares, buying approximately 329,000 ordinary shares at an average price of $9.10 for total consideration of approximately $3 million.

At the end of Q1, we had approximately $3.9 million left on our existing share buyback authorization. In May, the board approved an expansion of the share buyback program by authorizing an additional $10 million.

Cash as of March 31st totaled $25.3 million, flat quarter-on-quarter, reflecting very strong operating cash flow offset by share repurchases and the final deferred consideration payment for the acquisition of RotoWire of $5 million.

At the beginning of Q2, we paid the first installment of $20 million for the acquisition of Freebets.com and related assets, financed by cash on hand and a $16 million drawdown on our $50 million credit facility. At the end of April, we made a final deferred consideration payment for the acquisition of BonusFinder of $13.4 million, using cash on hand.

Despite now expecting substantially less revenue from our media partnerships and expecting no further state launches outside of North Carolina in 2024, compared to three launches in 2023, we are well on our way to deliver overall revenue growth and strong growth in adjusted EBITDA for 2024.

Our updated guidance is for revenue in the range of $118 million to $122 million and adjusted EBITDA in the range of $40 million to $44 million. Our previous guidance contemplated cost of sales of $10 million in 2024. The vast majority of cost of sales represents fees paid to media partners.

We now expect cost of sales to be approximately $4.8 million for the full year, of which $2.2 million was incurred in Q1. The guidance does not include any contribution from additional acquisitions other than the already closed acquisition of Freebets.com and related assets and assumes an average EUR to USD exchange rate of 1.09, throughout 2024.

As Charles highlighted before, our expectations for 2025 adjusted EBITDA have not changed.

With that I will turn back to Charles.

Charles Gillespie

Thank you, Elias. We are pleased to be off to a strong start in the year, which sets up the company to deliver growth, year-on-year, in 2024. Despite the headwind we faced near-term to our immediate partnership revenue, I expect the company to continue to take market share in North America and elsewhere.

I'd like to thank our sensational team for delivering a great Q1 and for positioning the company for continued growth in 2024. Operator, we are happy to open up the line for questions.

Operator
At this time, we will be conducting a question-and-answer session. If you would like to ask a question, please press "*", "1" on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. You may press "*", "2" if you would like to remove your question from the queue. We ask that you limit your questions to one and a follow up so that others may have an opportunity to ask questions. You may re-enter the queue by pressing "*", "1". For participants using speaker equipment, it may be necessary to pick up your handset, before pressing the star keys. One moment please while we poll for questions.

Our first question comes from David Bain with B. Riley Securities. Please proceed with your question.

David Bain
Great. Thank you. Charles and Elias, just for clarity, I think you were pretty clear, but Google's new treatment of legacy media does not impact how you view 2025 from the lens of consensus estimates. Did I understand that correctly?

Charles Gillespie
Yeah, from the lens of consensus, EBITDA, revenue would be--we're not going to drive as much revenue without media partnerships, but the profitability of the business ex-media partnerships, is even better. So we're very comfortable where the street is at in terms of EBITDA for 2025.

David Bain
Perfect. And Charles, I'd love to follow up on the $100 million EBITDA milestone target. If you could help us a little bit more with the pathway of how to get there, the primary catalysts or assumptions you're using, underlying TAM growth, new acquisitions percentage, anything specific and big picture thoughts on timing, that would be awesome.

Charles Gillespie
You got it. Well, with $42 million in EBITDA expected for full year 2024, according to the midpoint of our updated guidance, we would only need to continue to grow organically at a lowish CAGR in the mid-teens for a few years and add on a bit of extra scale through additional M&A to get there in the midterm.

We have widened the aperture in terms of what we are considering from an M&A perspective and are no longer only looking at SEO driven gambling affiliate businesses.

There's a wide universe of technology-first companies in the online gambling ecosystem, companies which are serving our same clients and end users that fit into our culture of driving high growth with high margins. For example, we are considering businesses which drive traffic and value for our B2B online gambling operator clients with channels other than SEO. And we are increasingly considering businesses which have highly predictable subscription revenue like the RotoWire acquisition, where we have grown revenue by over 50%, since buying the company.

David Bain
Okay. Very helpful. Thank you.

Operator
Our next question comes from Jeff Stantial with Stifel. Please proceed with your question.

Jeff Stantial
Great. Good morning, Charles, Elias, thanks for taking our questions. Maybe starting off on the Google update and the related impact to your guidance. I guess, I mean, I think we're only about a week in of results here. But Charles, just curious if you're seeing evidence, thus far, of traffic shifting into your 100% margin owned affiliate sites and sort of away from the media partnerships.

And as a follow-up to that, if you just contrast the guidance revisions to--Elias, the comments you made on cost of sales guidance--it seems to me there isn't much of an impact or much of a benefit baked into 2024 guidance for potential uplift to your own sites, as traffic redirects. So, can you just expand on that as well, if I'm reading that correctly? Thanks.

Charles Gillespie
Thanks Jeff. The first part of the question was, have we seen an impact, a positive impact on our owned and operated assets, and we have. That change started, immediately. We have seen an increase in share of voice and an improved search visibility, across multiple of our key assets.

The way you should think about this is we run a precision machine and when something changes like this, we need to recalibrate that machine, and that takes a little bit of time. But once we do that, we will start to get better clarity into exactly where and how much of a tailwind this is.

It is absolutely a tailwind. It's a very positive long-term development but, of course, we have optimized ourselves to help our media partners. That has been the strategy that has been most effective for ourselves and many of the other large performance marketing companies in the industry. But we're confident, based on the data that we have seen, that we will be able to

achieve our updated guidance, which still has year-on-year adjusted EBITDA growth of 14% at the new midpoint.

Jeff Stantial
That's Perfect. Thanks for that color, Charles. And then maybe zooming out a little bit but staying on the same topic. I guess, how does this change affect your views of media partnerships and your strategy there, if at all? And if it does, can you just remind us, sort of, contract length time with the various partners? Thanks.

Charles Gillespie
Yeah, so these media partnerships, they're not going to zero. They're not going away. We remain committed to all of our partners, and media partnerships have been a net positive that has driven incremental EBITDA for us, and that's how we optimize this business. We're trying to drive an incremental EBITDA, but they will be diminished. It's not going to be anywhere near as big of a portion of our business, or I think and I think what the changes you'll see with us is going to be the same across the board for all manner of companies, which have cut deals in the same way that we have.

But it's not going away. We have chosen to be very picky on who we partner with, and we've made real commitments to the people we partnered with, and we intend to support them and help them navigate these changes and still maximize the business opportunity, between the two companies.

We have, generally speaking, tried to sign up folks on long-term deals, but we have cut deals, which we're happy with and we don't, at this time, have any concerns about these partnerships going forward and how profitable they will be and whether it makes sense for us.

Jeff Stantial
Great. Thanks very much. I'll pass it on.

Operator
Our next question comes from Barry Jonas with Truist Securities. Please proceed with your question.

Ramin Sobhany
Hey, guys. This is Ramin Sobhany on for Barry. Thanks for taking our question. You mentioned in your opening remarks that your media partners may have some kind of avenues to push back against some of the Google methodology changes. Can you talk about some details on what that might look like?

Charles Gillespie
Yeah, I don't want to speak for our media partners because of course, they're their own businesses, but these changes are a bigger headwind for our partners than they are for us. So,

it's entirely logical that they're going to do whatever they can to try to bring these--update this policy, change the implementation of the policy, speak to Google, call anyone they can to try to better understand what the intent is and whether they can convince them that they've gone too far.

Google is the Supreme Court of the Internet and it's very--you can't appeal. So we think these changes are largely here to stay, but there may be--they may walk back some of this at the margins but I think generally speaking, the overall opportunity for our partners in the media partnership world is simply going to be less than it was before.

Ramin Sobhany
Got it. Makes sense. And then, just shifting over to Freebets a little bit. Now that you've had some time under the hood, can you talk about how the integration is proceeding and maybe any incremental synergy opportunities you've identified, following the acquisition?

Charles Gillespie
Sure. Everything thus far has gone to plan. We closed as expected on April 1st, and we have had control of the assets for over a month at this stage. We are focused on integrating these new assets into our technology systems and operating processes. We have onboarded a number of new staff members and are, likewise, integrating them into our culture and teams.

It remains super early for this new chapter for these assets, but we have more confidence than we have ever had that we will be able to realize, substantially, improved operating performance for these websites in the medium and long-term.

Just to add a bit of color on the deal itself, with no additional new state launches expected in the US until sometime in 2025, growth in the region will naturally moderate. Therefore, we made a strategic decision, last year, to prioritize growth this year in a portfolio of assets outside the US.

And these assets, they monetize some of the most evergreen and consistent online gambling markets in the world. So we are confident that this deal has dramatically improved our competitive positioning and given us better market share in some of the world's most desirable online gambling markets.

Ramin Sobhany
Great. Thanks so much for that color. Appreciate it.

Operator
Our next question comes from David Katz with Jefferies. Please proceed with your question.

David Katz

Good morning, everyone. I appreciate you taking my questions. Just doubling back on some of the earlier commentary about your owned sites. There's been a couple of questions about it. Are you able to sort of quantify or put some brackets around or some boundaries,, qualitatively or quantitatively, sort of what that traffic improvement is so far and what it might become? And then I have a follow-up.

Charles Gillespie
Hey, David. We operate a portfolio, so every site is different. Some sites have seen more increases in share of voice and positioning than others. RotoWire is looking quite good. Gambling.com is looking good. But we're at the beginning of the part of the year, which is the seasonally slowest part of the year for us.

So as you look at the KPIs coming in, traffic, referrals, etc., it's trending in the direction that you would expect. And it all gives us a nice, warm, fuzzy feeling, but it's not--given the time of year and the overall levels of seasonality, it's difficult to draw precise conclusions about what that means exactly for the rest of the year.

Therefore, we have taken a conservative view on our guidance for the rest of the year, and we'll be in a position to, of course, update that and hopefully improve it, as we gain more clarity about the magnitude of the new tailwind that we have, which is not trivial.

David Katz
Got it. Okay. That'll do for now. With respect, Charles, to the earlier commentary about sort of refocusing some of your M&A lenses, can you--and I ask this all the time--can you help us sort of put some boundaries around size, type and just help us understand what that new field of play really is? And size, obviously, being really important.

Charles Gillespie
Yeah, I think you can safely assume that anything we do will be in the online gambling industry. Of course, the online gambling affiliates out there are always an option. But increasingly, our heads are in a different place. We want to build a business which has highly predictable revenue. And therefore, prioritizing M&A from the perspective of businesses which have highly predictable revenue is a priority. But we're not going to go do something completely left field, of course.

So anything we would do would have some sort of connection into gambling affiliates, some sort of synergy, some sort of adjacency and ability to perhaps bolt-on our model to other assets or at least share expertise, content quality, knowledge, data, etc., in a way where there's some legitimate one plus one is more than two situation. In terms of size--

David Katz
--Sorry, please finish. That's where I was going to follow-up. Keep going. Sorry.

Charles Gillespie
In terms of size, we've always said kind of bigger is better. It's the same amount of work to do a $20 million deal as it is to do a $100 million deal, so $100 million companies tend to have better management, deeper bench of talent, more sophisticated financial process, better organized, cleaner forecasting. So why not just do the $100 million deal.

We're not at all interested in issuing any shares at the current level, as I'm sure you can appreciate. But nevertheless, we are keen on growing this business through M&A. And look, we have our new $50 million debt facility with Wells Fargo. Wells has been great partners. And it's--it would be possible to arrange additional debt beyond that $50 million with Wells, if we had a clear use of proceeds.

David Katz
Understood. That's what I was looking for. Thank you.

Operator
Our next question comes from Chad Beynon with Macquarie. Please proceed with your question.

Chad Beynon
Good morning, gentlemen. Thanks for taking my question. With the updated revenue guidance of 10% year-over-year growth, can you help us think about the geographical breakdown of that 10%? I know historically, obviously, North America has been expected to grow significantly higher than the UK and Ireland. But post these Google changes, do you have an updated view on what the regions could look like? Thanks.

Charles Gillespie
Hey, Chad. In the first quarter, we grew in all geographies. Revenue from Other Europe accounted for 13% of revenue and grew 39%. Rest of the World was 5% of revenue and grew 29%. We expect Other Europe and the Rest of the World will continue to demonstrate strong growth, this year. And for North America and the UK and Ireland, we expect the impact on media partnership revenue as a result of these Google changes to dampen 2024 growth.

Our guidance assumes that North Carolina will still be the only state in 2024, compared to three state launches in 2023. So if you look at it on a kind of like-for-like basis, there's still quite substantial growth in North America. But in aggregate, growth rates are going to come down, as a result of the change in revenue from media partnerships.

Chad Beynon
Okay. Makes sense. Thank you. And then, Charles, you've noted that you're agnostic between CPA and rev share. With some of the US shift or the market share shifts moving up to the top two, is there any view in terms of what the other tiers of operators, how they would like to

work with you guys, CPA, rev share? If there's any change in terms of how we're thinking about that for '24, '25 or just generally speaking in your conversations with them. Thanks.

Charles Gillespie
Yeah-yeah. Look, my perspective on the operators in the US, with fewer state launches, operators have more bandwidth than they did previously. And therefore, they're drilling into their businesses more deeply than they did before. This means that they're reviewing marketing performance more scientifically. And we expect that that will continue to show that the affiliate channel delivers some of the most consistent and straightforward ROI in the industry.

I'd expect operators to continue to spend and invest in the way they are now until we see more iGaming states come online, which will increase player LTVs and catalyze more aggressive spending across all channels.

A lot of the US operators, especially on the bigger ends, they still have hundreds of millions in sponsorship commitments that they signed up for at the beginning of the sports betting boom. And these are only rolling off, gradually. And I expect that as those roll off, substantial budget will be freed up, and that will come our way. So, a lot of these sponsorships, not all of them, but a lot of them are low or no ROI endeavors.

And I think that the experimentation phase is over. Operators understand where they're seeing returns. Generally speaking, it's not on the sponsorships and they will--there's hundreds of millions that's going to free up. And I think that that's going to, ultimately, result in a much more aggressive posture from some of the operators, in time. On the demand side, more and more people are coming into the industry for the first time and the TAM, therefore, continues to grow, without any material changes to the operator mix.

Chad Beynon
Thank you. Appreciate it.

Operator
As a reminder, if you would like to ask a question, please press "*", "1" on your telephone keypad. Our next question comes from Ryan Sigdahl with Craig-Hallum. Please proceed with your question.

Ryan Sigdahl
Hey, guys. Curious just kind of on the media properties staying there, but curious what percentage of leads on those media properties were direct to the website, thinking of the millions of loyal viewers that they have for other content and then cross-promoting them versus going to Google and basically leveraging that domain to get to the affiliate pages on, say, USA Today?

Charles Gillespie
Yeah, it's a good question. We use the phrase high intent a lot, and that's a key phrase because it really tells you everything you need to know. If somebody goes to Google and searches for something, it's high intent. They really want it. Not only do they want it, but they want it right now. And the fact that they want it right now is kind of the important part. A lot of these people that have come through our media partners and signed up for online gambling sites, these are people that would have used these sites in the normal course of business.

But in a particular customer journey, where they are converting into a new depositing customer, they are very, very highly likely to have come through a search engine. So, these media partnerships will, no doubt, shift away from that level of search focus and focus on high intent.

There are, of course, other ways for us to help our partners monetize their existing audiences, which are incredibly sizable. And moving forward, I think we'll be looking from both sides to help them in all the ways we possibly can. But the big driver of this whole thing has been search and high intent.

Ryan Sigdahl
Good. Then just on guidance, using your cost of sales assumptions that you gave previous quarter and now it implies all of the revenue or almost all of it, guidance revisions from the media properties. I guess, is that correct? And then to confirm, I guess, that implies that you aren't assuming any incremental benefit to your own domains, even though you've started to see kind of early signs of that?

Elias Mark
Yeah, Ryan, it's a thorough assumption. We don't take away all of our media partnership revenue for the remainder of the year, but a very big proportion. And as Charles said before, we are conservative in our assumptions for the underlying growth in our owned and operated sites. We see some early signs of it. We expect that to happen in the midterm, but we need to kind of recalibrate the portfolio, and it takes a little bit of time. So, we don't expect in our guidance a significant effect in 2024 but we are, increasingly, confident about strong underlying growth for 2025.

Ryan Sigdahl
Very good. Thanks, guys. Good luck.

Operator
Our next question comes from Clark Lampen with BTIG. Please proceed with your question.

Clark Lampen
Thanks. Good morning. I've got two. I wanted to start with the earlier comments around consensus EBITDA. You mentioned you're comfortable with this sort of mid-50s mark for '25. If

we're thinking about, I guess, bridging from the midpoint that we're seeing this year around $42 million to that $55 million next year, however, you guys are comfortable at this stage, understanding you're not giving formal guidance. Help us understand, I guess, that bridge sort of implied EBITDA growth of around 31% versus top line trends that are currently running in sort of the 10% ballpark.

And then question two, Charles, just on the performance marketing backdrop. You mentioned channel ROI is still healthy. You're taking share. Competitors are also experiencing challenges. Why widen, I guess, the aperture right now, as you said, and start committing capital elsewhere rather than maybe drilling down, organically, on the core if the sort of thesis is unchanged. Has the view, I guess, around the sort of medium-term opportunity there changed in any way? Thank you.

Charles Gillespie
Hey, Clark, just to pick up the second one. Because we have such profitability and high cash flow, we can do both, okay, we can prioritize. We are adequately investing into our own assets, and we expect those to drive growth going forward, as they always have. And we have the balance sheet to pursue M&A, as well. But there is an increased focus on revenue, which is more predictable. And if we go out and do another acquisition of a performance marketing company, we don't really address that.

In terms of growth next year, Gambling.com is doing very, very well, around the world. In the past, it was just the UK website. And then it was a UK and US website. And we keep bringing it into new jurisdictions.

We just launched a Greek version of Gambling.com, I think, this week, and we have a new--Greece is one of two markets in Europe where you actually need a license as an affiliate. So we have a Greek license now. We're live with Gambling.com and we expect to take market share there. I mean, we're starting from zero, and we're bringing in a killer asset. So it's things like that.

The Freebets.com acquisition we see, as we have said, really quite a lot of unlocked potential, but we've got to re-platform it, first. We need six months to move it on to our tech stack, to integrate it fully into our deals and our processes and everything else. So you don't really see that upside until that's done, and that’ll be done Q4, end of Q3, Q4. So we'll start to really feel the benefits of that a little bit this year, but mainly next year.

Another example here is Romania. It doesn't sound like a massive growth opportunity, but it's a consistent and good European regulated sports betting and iGaming markets. And Romania is the other European jurisdiction that requires a license for affiliates. And we've applied, and we're apparently hours away from getting our Romanian license and we'll go live with Gambling.com in Romania, as well.

So our assumptions at this point are not for massive US market expansion in 2025. We think there will be some new state launches probably towards the back half of 2025. But as you know, we don't put new state launches in our guidance. So the growth bridge to get from where we are to that 2025 adjusted EBITDA figure is really organic growth from our core assets.

Elias Mark
I can add a little bit. So, I think if you look at the midpoint in our updated '24 guidance, that implies growth of, I think, 14% year-over-year. And the midpoint, if I'm not wrong, of 2025 Street Consensus is 54%, so that will represent a 26% growth from '24 to '25. Not all of that growth is going to be reflected in growth of revenue.

We--as I alluded to in the call, we do see strong operating efficiencies in our OpEx, and the revenue growth is going to come from our owned and operated websites, which have 100% gross margin. And when you add operating leverage from operating expenses, not going to grow that substantially between '24 and '25. That's how you bridge that gap.

Clark Lampen
Thank you.

Operator
There are no further questions at this time. I would now like to turn the floor back over to Charles Gillespie for closing comments.

Charles Gillespie
Thanks, everybody, for joining us again, today. We are off to a great start this year and I'm sure that 2024 and beyond are going to be another year of fantastic growth for the group. Thanks for your interest and catch you for the Q2 results. Bye-bye.

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