

Kambi Group plc

Q1 Report 2023

Financial summary

- Revenue amounted to €44.0 (Q1 2022: 36.9) million for the first quarter of 2023
- Operating profit (EBIT) for the first quarter of 2023 was €4.5 (7.3) million, at a margin of 10.3% (19.9%), which was impacted by certain non-recurring costs
- EBITA (acq)* for the first quarter of 2023 was €5.8 (7.7) million, at a margin of 13.1% (20.8%)
- Cash flow (excluding working capital and M&A) amounted to €3.2 (5.5) million for the first quarter of 2023
- Earnings per share for the first quarter of 2023 were €0.107 (0.178)
- The 2023 AGM will be held on 11 May 2023. The Board proposes that no dividend is paid out.
- The Board of Directors decided on 19 January 2023 to adopt long-term financial targets in line with Kambi's strategic vision

First quarter financial breakdown

€m	Q1 2023	Q1 2022	Change %	Jan – Dec 2022
Revenue	44.0	36.9	19%	166.0
EBITDA	12.8	13.8	-7%	63.4
EBITA (acq)	5.8	7.7	-25%	37.6
EBITA (acq) margin	13.1%	20.8%		22.7%
Operating profit (EBIT)	4.5	7.3	-38%	34.8
Operating (EBIT) margin	10.3%	19.9%		20.9%
Profit after tax	3.3	5.4	-40%	26.5
Cash flow (excluding working capital and M&A)	3.2	5.5	-41%	25.2
Net cash	61.2	72.4		53.3
Earnings per share	€0.107	€0.178	-40%	€0.861
Fully diluted earnings per share	€0.106	€0.176	-40%	€0.856

*EBITA (acq) = Earnings before interest, taxation and amortisation on acquired intangible assets

Key Q1 highlights

- Operator turnover and revenue growth of 12% and 19% year-on-year respectively, driven by existing partners and launches into new US states
- Partnership extensions signed with Rush Street Interactive and Corredor Empresarial S.A., two of Kambi's most strategically important partners
- Successful Super Bowl and March Madness tournament with increased player activity alongside unblemished service delivery
- AI-driven algorithmic trading capability rolled out to major European soccer leagues and other key competitions leading to improved product and greater operational efficiencies

CEO comment



“The first quarter was another busy period for Kambi including new market launches in the Americas, the expansion of Kambi’s partner network and a full sporting calendar. These events helped drive a 12% year-on-year increase in operator turnover and a 19% rise in revenue to €44 million. EBITA (acq) was €5.8 million, impacted by a number of factors including foreign exchange movements and one-off costs to improve future efficiency.”

The business hit several important commercial milestones in Q1 as we continue to make significant progress with the key growth drivers detailed at our Capital Markets Day earlier this year. Among these drivers is to extend key partnerships, and I was delighted to secure renewals during the quarter with two of our largest partners in Rush Street Interactive, one of the leading operators in the Americas, and BetPlay owner Corredor Empresarial S.A. which is the market leader in Colombia with plans to expand across Latin America.

Latin America is a region of significant long-term potential for Kambi and will become increasingly integral as we look to extend our lead as the number one supplier across the Americas. Kambi already has a strong foothold in some of the region’s most established sports betting markets such as Colombia and Argentina, and recent public announcements from the Brazilian government show positive signs that regulation of sports betting in Brazil is edging nearer in what is projected to become one of the world’s largest regulated markets.

From a product perspective, Kambi’s expanding AI-driven trading capability is a core component of our vision to redefine what’s possible in sports betting. After a successful roll-out for the soccer World Cup in Q4, this industry-leading method of automated pricing, which blends machine learning with vast amounts of data, was extended to all top European domestic soccer leagues, as well as the Champions League and Europa League. As a result, we can now create more bet offers at a faster delivery speed than the rest of the market, as well as deliver a richer Bet Builder, leading to both a better product and greater efficiencies for the business.

In short, we remain steadfast in our commitment to setting a new standard for sports betting and to pioneer next generation entertainment that eliminates friction and creates new innovative betting options for operators. The road towards our long-term financial targets won’t be linear, but we are carefully putting in place the fundamentals which will enable us to accelerate as we progress. With a market-leading sportsbook that continues to remove product boundaries, a strong sales pipeline and the prospect of further regulation in key markets, I look forward to updating the market over the coming quarters.”

Q1 highlights

Trading update

In Q1, the Kambi Operator Turnover Index reached 851, an increase of 12% year-on-year, with an operator trading margin of 8.2%.

With its season coming to a close in February, American football delivered the top 20 turnover events of the quarter, highlighting both the positive impact of the sport on Kambi's business, as well as the seasonality effect it has every year from season end until its restart in September. Due to there being no American football games during the second half of the quarter, basketball and soccer ranked as the top two turnover sports during the period.

Basketball benefitted from the annual March Madness college basketball tournament, the large majority of which took place in March. As one of the highlights of the sporting calendar, operator turnover for March Madness surpasses that of other major events such as the US Open tennis tournament and the Champions League soccer knockout stages. Boosted by a significantly expanded Bet Builder product, operator turnover for this year's March Madness tournament was up by 17% year-on-year.

A year-on-year increase in soccer turnover was driven by a combination of growth in markets such as the Netherlands and greater player engagement across the network. Higher player numbers can be partly attributed to a World Cup halo effect and an enhanced product due to Kambi's new AI-driven trading capability, which was rolled out across various competitions during the quarter. Among the soccer improvements are a far more expansive and combinable product, giving players greater scope to place their desired Bet Builders. For example, since algorithmic trading started pricing Premier League games in January, Bet Builder turnover has more than doubled year-on-year.

Commercial updates

Partner agreements

In line with Kambi's growth driver to extend key partnerships, Kambi agreed partnership extensions with two major partners in Q1. In January, Kambi and Rush Street Interactive (RSI), one of the leading betting and gaming operators in the Americas, signed an extension to their successful sports betting technology partnership. Kambi also agreed a long-term sportsbook partnership extension with Corredor Empresarial S.A., operator of Colombia's market-leading sports betting brand BetPlay which has ambitions to expand into additional markets across Latin America. During the quarter, Kambi also signed a long-term extension with Sun International in South Africa.

Kambi also extended its lead as the number one supplier in the Americas during the quarter with three new partner signings. As communicated in the Q4 report, on-property sportsbook partnerships were agreed in Q1 with Miami Valley Gaming and Racing in Ohio and with del Lago Resort & Casino in New York, while Kambi also signed a sportsbook partnership in March with Potawatomi Casinos & Hotels, a multi-property operator based in Wisconsin.

Furthermore, Shape Games, part of the Kambi Group, signed a multi-state front-end technology partnership with mobile-first US operator Wagr which was recently acquired by Yahoo.

For a full list of partner signings and extensions during the quarter, see page 22.

Partner launches

Kambi completed 20 partner launches during Q1, all of which occurred in the Americas and included three new US states: Ohio, Massachusetts and Wisconsin.

On 1 January, Kambi powered nine online and on-property launches for betJACK, PENN Entertainment and RSI on day one of the market opening in Ohio, shortly followed by Miami Valley Gaming on-property and betPARX online. In Massachusetts, Kambi went live on 31 January with PENN's Barstool Sportsbook at Plainridge Park Casino, followed by an online launch in March. On the final day of the quarter, new partner Potawatomi Casinos & Hotels launched a Kambi-powered sportsbook at two properties in Wisconsin which became Kambi's 22nd live US state.

Additional launches in Q1 included two on-property launches for RSI in Connecticut and Virginia, betPARX launching its fourth on-property sportsbook in Pennsylvania and CDI launching its retail sportsbook at del Lago Resort & Casino in New York. Furthermore, Kambi expanded its presence in Argentina to eight jurisdictions following the online launch of Casino Club in Chubut Province as part of a deal with platform provider Ondiss.

For a full list of partner launches during the quarter, see page 23.

Industry recognition

In February, Kambi was named Online Sports Betting Supplier of the Year at the Global Gaming Awards which are powered by B2B gaming publication Gambling Insider and judged by an experienced panel of more than 50 leading industry executives. This recognition comes after Kambi won headline sportsbook supplier prizes at several prestigious awards in 2022 including EGR B2B Awards, EGR North America Awards and American Gambling Awards.

Summary of financial targets

In January 2023, Kambi adopted long-term financial targets in line with its strategic vision. The 2027 financial targets are:

- 1) Revenue of 2-3x FY2022 levels (i.e. approximately €330 - 500 million)
- 2) EBIT in excess of €150 million

These financial targets are based on five key growth drivers:

- Utilise platform flexibility to retain key partners
- Roll out third generation trading
- Extend lead as number one supplier in the Americas
- Sign tier one operators across product portfolio
- Launch in a major regulated Asian market

Furthermore, the financial targets were adopted on the basis of various assumptions including the regulation of sports betting in certain key markets. In addition, Kambi estimated a potential increase in its global addressable market to approximately €50 billion GGR by 2027.

In conjunction with the financial targets, please note the full disclaimer on page 11 in this report.

Growth driver updates

Each quarter Kambi will provide relevant updates on the growth drivers listed above.

Utilise platform flexibility to retain key partners

In Q1, Kambi signed contract extensions with two partners among the largest in the Kambi network, Rush Street Interactive (RSI) and BetPlay owner Corredor Empresarial. Since partnering with Kambi, RSI has become one of the leading operators in the Americas, while BetPlay has developed into the market leader in Colombia, highlighting the importance of extending these partnerships.

Roll out third generation trading

Following a successful World Cup, Kambi's AI-driven algorithmic trading capability has been powering the pre-match pricing for major European soccer leagues, as well as the Champions League, Europa League and high-profile domestic cup matches. The results produced illustrate the incredible potential of Kambi's algorithmic trading, which will lead to increasing efficiency and product gains.

Extend lead as number one supplier in the Americas

Kambi continues to be the go-to sportsbook provider in the US, underscored by day one launches in Ohio and Massachusetts. Kambi also signed on-property deals with Miami Valley Gaming, del Lago Resort and Potawatomi, with each having launched during the quarter. In South America, Kambi continued its expansion in Argentina, with Chubut becoming the eighth jurisdiction in which Kambi has launched.

Events after Q1

Partner launches

In April, Kindred Group's Unibet brand went live with an on-property sportsbook in Washington state through a partnership with the Swinomish tribe.

Regulatory update

Below, we provide the most relevant regulatory updates on markets which may have a significant impact on our operations and total addressable market.

Americas

Brazil (population: 217 million)

In April, the Brazilian federal government publicly announced regulatory proposals for sports betting including tax rates, marketing rules and licence fees, while current proposals would also require B2C operators to be based in the country.

Kentucky (population: 5 million)

Kentucky sports betting legislation was signed into law on 31 March, permitting the nine Kentucky horse racing tracks to offer in-person sportsbooks and to partner with up to three online sportsbook operators. The legislation, which is effective from 28 June, requires the market to be live within six months.

North Carolina (population: 11 million)

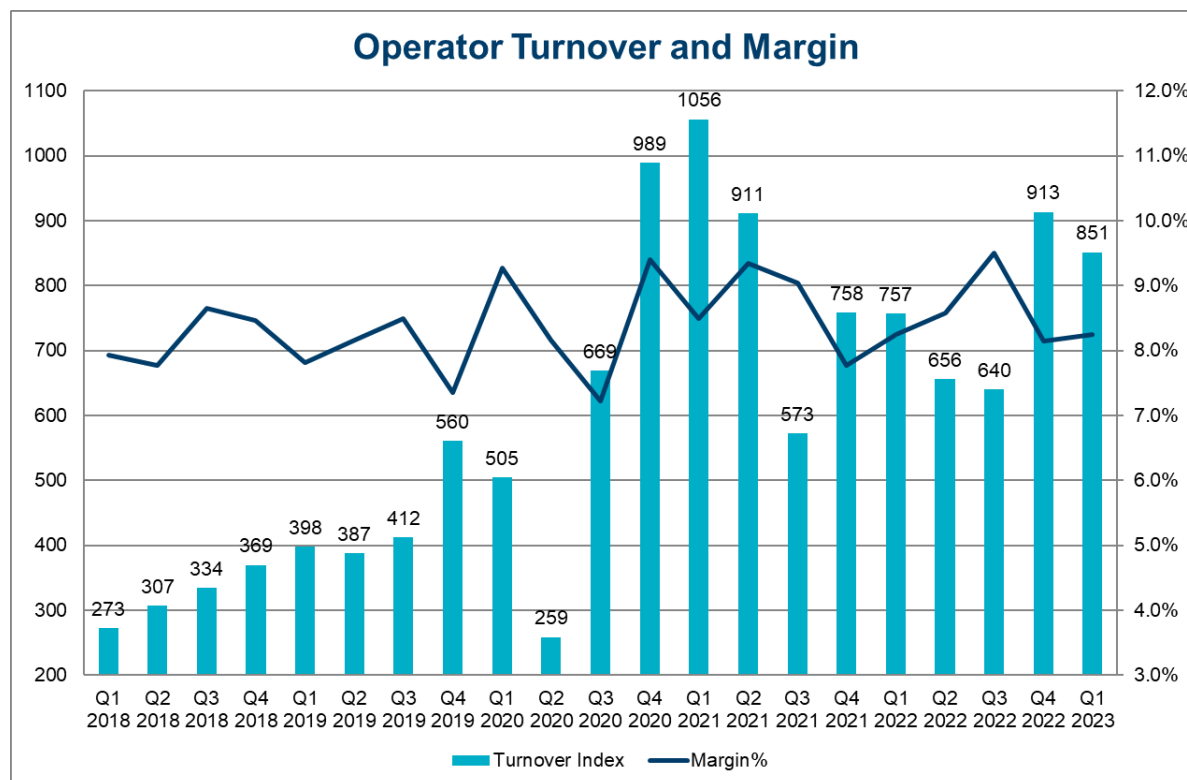
At the end of March, the North Carolina House of Representatives voted in favour of a draft bill to legalise mobile sports wagering in the state with 10 to 12 licences set to become available. These licences are to be untethered to the state's three retail sportsbooks. The legislation now heads to the Senate with North Carolina's legislative session set to end on 31 August.

Financial review

Kambi Turnover Index, Operator Trading Margin and Revenue

Definitions of financial terms and performance measures are presented on page 18.

The graph below shows the Kambi Turnover Index since Q1 2018 and also illustrates Kambi's operators' quarterly trading margin.



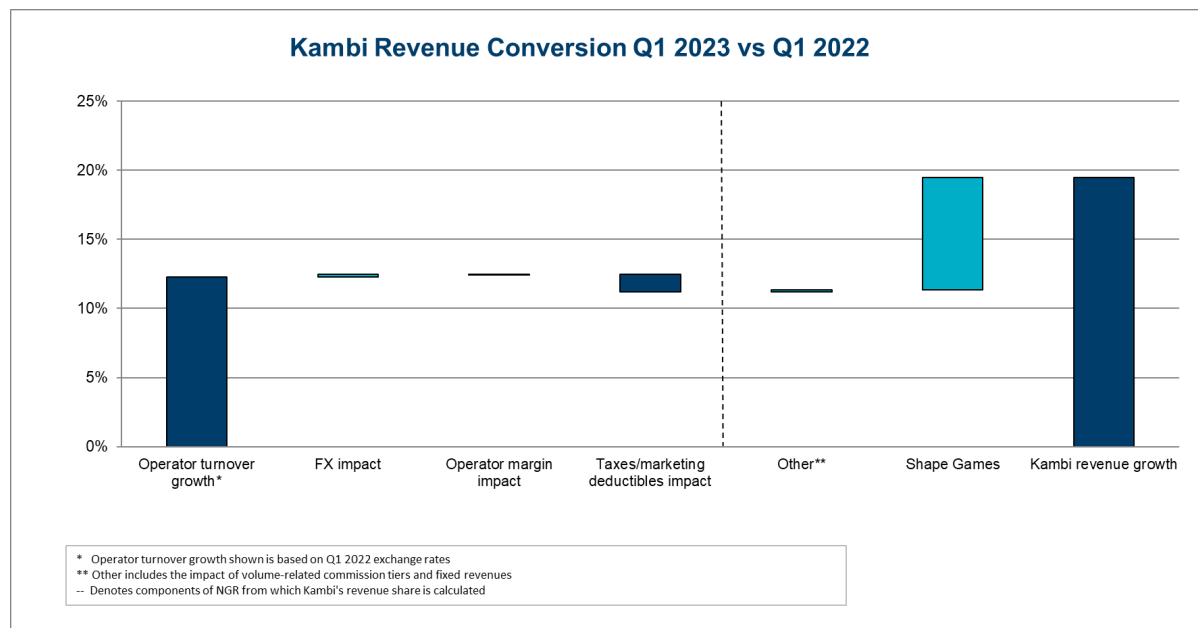
Operator turnover for the first quarter of 2023 was 851, an increase of 12% versus Q1 2022. This was driven by turnover growth from existing partners and new US states including Ohio, Kansas, Massachusetts and Washington. Operator turnover at constant exchange rates increased by 12% and the operator trading margin for Q1 was 8.2% (8.1%). The operator trading margin for the previous 12 month period was 8.5%.

The operator trading margin can fluctuate from quarter to quarter, mainly due to the outcome of sporting events with the highest betting volumes and value. Based on the current commercial and market outlook, Kambi expects the operator trading margin for the coming 12 month period to be in the range of 8.0 – 9.0%.

The operator turnover is affected by short-term variations in operator trading margins; over time there is likely to be a negative correlation i.e. a higher operator trading margin results in lower turnover.

Due to the variance in actual sporting results, there can be deviation from the 12 month expectation without prompting a change in the outlook. The operator trading margin expectations are estimated on a forward-looking rolling 12 month basis and are shared to explain short-term variations in betting patterns and therefore revenues. They are reviewed quarterly and when updated, previously stated expectations should be considered obsolete.

The graph below demonstrates how the change in operator turnover ultimately results in Kambi's revenue change, with the impact of Shape Games revenue shown separately.



In the first quarter of 2023, revenue was €44.0 (36.9) million. In Q1, 95% (93%) of sportsbook revenue was derived from locally regulated markets.

Geographical analysis

In Q1 2023, during which period total GGR grew 12% compared to Q1 2022, Americas contributed 55% (55%), Europe 42% (43%) and Rest of the World 3% (2%) of the total operator GGR, evidencing Kambi's healthy geographical diversification.

Total expenses

Total expenses for the first quarter of 2023 were €39.5 (29.5) million. Compared to the first quarter of 2022, this includes additional recurring expenses of €3.6 million, being Shape Games operating expenses (€2.7 million) and amortisation on acquired Shape Games intangible assets (€0.9 million), and non-recurring expenses of €2.3 million related to personnel restructuring costs (€1.0 million) and foreign exchange movements (€1.3 million).

Excluding foreign exchange movements, total expenses are expected to be in the range of €38.0 – 41.0 million in Q2 2023 and €155.0 – 170.0 million for the full year 2023. These include amortisation on acquired intangible assets of €1.3 million and €5.2 million respectively.

EBITA (acq)

EBITA (acq) for the first quarter of 2023 was €5.8 (7.7) million, at a margin of 13.1% (20.8%). EBIT (acq) is a new metric used for measurement that excludes the amortisation on acquired intangibles from the Operating profit (EBIT) to show the underlying performance of the company excluding non-cash acquisition-related entries.

Taxation

The tax expense comprises corporation tax and withholding tax. The tax expense for the first quarter of 2023 was €1.1 (1.6) million, including €0.5 (0.5) million of withholding tax.

Financial position and cash flow

The net cash position at 31 March 2023 was €61.2 (72.4) million.

Cash flow (excluding working capital movements and M&A) amounted to €3.2 (5.5) million for the first quarter of 2023.

The net change in cash was an increase of €7.7 (0.5) million for the quarter, positively impacted by strong cash receipts from operators in the early part of the quarter.

Nomination Committee

A Nomination Committee is appointed each year by the major shareholders in accordance with the instruction for the Nomination Committee adopted by the Annual General Meeting of shareholders (AGM).

The main responsibility of the Nomination Committee is to propose Board members for election at the AGM. The Nomination Committee, which is independent from the Board, is responsible for reviewing the size, structure and composition of the Board, succession planning, the appointment of replacement and/or additional directors, and for making the appropriate recommendations to the AGM. The Nomination Committee also prepares proposals regarding Chairman of the Meeting, Board remuneration, fees to the auditor and election of auditor, and, if necessary, proposal for changes in the instruction to the Nomination Committee. In its evaluation of the Board, the Committee holds individual interviews with the Board members.

The members of the Nomination Committee shall represent all shareholders and be appointed by the three or four largest shareholders as at 30 September each year having expressed their willingness to participate in the Nomination Committee. Kambi's Nomination Committee shall consist of not less than four, and not more than five members, of which one shall be the Chair of the Board.

The 2023 AGM of Kambi Group plc will be held on 11 May 2023 in Stockholm and the members of the Nomination Committee are:

- Anders Ström, Veralda Investment Ltd (Chair)
- Lars Stugemo, Chair of the Board of Kambi Group plc
- Mathias Svensson, Keel Capital
- Jonas Eixmann, The Second Swedish National Pension Fund

Shareholders who would like to make proposals to the Nomination Committee may do so via e-mail to: nomination.committee@kambi.com.

Financial information

The financial information has been presented in accordance with International Financial Reporting Standards as adopted by the European Union. All numbers in this report are unaudited. All numbers in this report are shown in Euro (€) unless otherwise stated and all the numbers in brackets refer to the equivalent period in the previous year.

Financial calendar

11 May 2023	2023 Annual General Meeting
26 July 2023	Q2 2023 report
1 November 2023	Q3 2023 report
21 February 2024	Q4 2023 report

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About Kambi

Kambi is a provider of premium sports betting services to licensed B2C gaming operators. Our services encompass a broad offering from front-end user interface through to odds compiling, customer intelligence and risk management, built on an in-house developed software platform. Kambi's 40-plus customers include ATG, Corredor Empresarial, Kindred Group, LeoVegas, Mohegan Gaming & Entertainment and Rush Street Interactive. Kambi employs more than 1,000 staff across offices in Malta (headquarters), Australia, Denmark, Philippines, Romania, Sweden, the UK and the United States.

Kambi utilises a best of breed security approach and is ISO 27001 and eCOGRA certified. Kambi Group plc is listed on First North Growth Market at Nasdaq Stockholm under the symbol "KAMBI". The Company's Certified Advisor is Redeye AB.

Legal disclaimer

Kambi does not give any forecasts. Certain statements in this report are forward-looking and the actual outcomes may be materially different. Even though management believes any expectations expressed are deemed reasonable, no guarantee can be given that such expectations will prove correct and even if such expectations remain, quarterly fluctuations are common. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, fluctuation in exchange rates, interest rates and political risks.

Malta, 26 April 2023

Q1 Report 2023 (unaudited)

Publication

The information in this report is such that Kambi Group plc is required to disclose under the EU Directive of Market Abuse Regulation and rules for companies listed on the First North Growth Market at Nasdaq Stockholm.

The information in this report was sent for publication on Wednesday 26 April 2023 at 07:45 CEST by CEO Kristian Nylén.

CONSOLIDATED INCOME STATEMENT

€ '000

	Q1 2023	Q1 2022	Jan - Dec 2022
Revenue	44,036	36,855	166,006
Staff costs	-16,930	-13,862	-57,593
Data supplier costs	-4,866	-4,071	-17,672
Other operating expenses	-8,909	-5,889	-28,687
Exchange gains/(losses)	-524	736	1,358
Operating expenses	-31,229	-23,086	-102,594
EBITDA	12,807	13,769	63,412 ¹
<i>EBITDA margin</i>	<i>29.1%</i>	<i>37.4%</i>	<i>38.2%</i>
Amortisation on capitalised development costs	-5,426	-4,431	-19,123
Depreciation	-1,607	-1,660	-6,683
EBITA (acq)	5,774	7,678	37,606 ¹
<i>EBITA (acq) margin</i>	<i>13.1%</i>	<i>20.8%</i>	<i>22.7%</i>
Amortisation on acquired intangibles	-1,245	-333	-2,832
Total expenses	-39,507	-29,510	-131,232
Operating profit (EBIT)	4,529	7,345	34,774
<i>Operating margin</i>	<i>10.3%</i>	<i>19.9%</i>	<i>20.9%</i>
Investment income	36	4	97
Finance costs	-190	-286	-1,288
Profit before Tax	4,375	7,063	33,583
Income tax	-1,097	-1,636	-7,132
Profit after tax	3,278	5,427	26,451 ¹

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000

	Q1 2023	Q1 2022	Jan - Dec 2022
Profit after tax for the period	3,278	5,427	26,451
Other comprehensive income:			
Currency translation adjustments taken to equity	-191	-256	-2,746
Actuarial gain/(loss) on employee defined benefits	-	-	161
Comprehensive income for the period	3,087	5,171	23,866

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ '000

	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	119,041	51,914	118,467
Property, plant and equipment	17,974	22,422	18,505
Deferred tax assets	6,237	9,436	6,247
	143,252	83,772	143,219
Current assets			
Trade and other receivables	32,691	41,005	38,968
Cash and cash equivalents	68,663	79,774	60,701
	101,354	120,779	99,669
Total assets	244,606	204,551	242,888
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	93	93	93
Share premium	62,046	62,045	62,046
Other reserves	5,944	5,198	5,434
Currency translation reserve	-5,120	-2,439	-4,929
Shares repurchased	-12,000	-12,000	-12,000
Retained earnings	116,021	90,822	112,743
Total equity	166,984	143,719	163,387
Non-current liabilities			
Lease liabilities	9,697	13,059	9,992
Convertible bond	7,459	7,407	7,447
Contingent consideration	12,234	3,852	12,234
Deferred tax liabilities	7,598	1,259	7,791
Other liabilities	310	408	293
	37,298	25,985	37,757
Current liabilities			
Trade and other payables	22,385	17,062	22,582
Tax liabilities	1,525	10,334	2,652
Lease liabilities	3,243	3,484	3,243
Contingent consideration	13,171	3,967	13,267
	40,324	34,847	41,744
Total liabilities	77,622	60,832	79,501
Total equity and liabilities	244,606	204,551	242,888

CONSOLIDATED STATEMENT OF CASH FLOWS

€ '000

	Q1 2023	Q1 2022	Jan - Dec 2022
OPERATING ACTIVITIES			
Profit from operations	4,529	7,345	34,774
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	1,607	1,660	6,683
Amortisation of intangible assets	6,671	4,764	21,955
Share-based payment	510	589	2,054
Operating cash flows before movements in working capital	13,317	14,358	65,466
(Increase)/decrease in trade and other receivables	6,276	-4,325	-645
(Decrease)/increase in trade and other payables	-197	340	-3,897
(Decrease)/increase in other liabilities	17	19	-96
Cash flows from operating activities	19,413	10,392	60,828
Income taxes paid net of tax refunded	-2,408	-1,748	-11,922
Interest income received	36	4	97
Net cash generated from operating activities	17,041	8,648	49,003
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	-459	-682	-2,898
Development costs of intangible assets	-7,245	-6,435	-25,524
Acquisition of subsidiary, net of cash acquired	-	-	-36,363
Payment of deferred contingent consideration	-96	-	-
Net cash used in investing activities	-7,800	-7,117	-64,785
FINANCING ACTIVITIES			
Proceeds from issue of new shares	-	-	2,582
Shares repurchased	-	-	-
Payment of lease liabilities	-1,527	-967	-3,831
Interest paid	-51	-89	-615
Net cash generated/(used in) financing activities	-1,578	-1,056	-1,864
Net increase/(decrease) in cash and cash equivalents	7,663	475	-17,646
Cash and cash equivalents at beginning of period	60,701	79,657	79,657
Effect of foreign exchange rate differences	299	-358	-1,310
Cash and cash equivalents at end of period	68,663	79,774	60,701

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ '000

	Q1 2023	Q1 2022	Jan - Dec 2022
Opening balance at beginning of period	163,387	135,377	135,377
<i>Comprehensive income</i>			
Profit for the period	3,278	5,427	26,451
<i>Other comprehensive income:</i>			
Translation adjustment	-191	-256	-2,746
Actuarial gain/(loss) on employee defined benefits	-	-	161
	3,087	5,171	23,866
<i>Transactions with owners</i>			
Share options - value of employee services	510	589	2,054
Other	-	2,582	2,582
Shares repurchased	-	-	-
Tax on share options	-	-	-492
	510	3,171	4,144
Closing balance at end of period	166,984	143,719	163,387

KEY METRICS

This table is for information only and does not form part of the condensed financial statements

	Q1 2023	Q1 2022	Jan - Dec 2022
EBITDA (€m)	12.8	13.8	63.4
EBITA (acq) (€m)	5.8	7.7	37.6
EBITA (acq) margin	13.1%	20.8%	22.7%
Operating profit (EBIT) (€m)	4.5	7.3	34.8
Operating margin	10.3%	19.9%	20.9%
Net cash (€m)	61.2	72.4	53.3
Employees at period end ¹	1,086	1,032	1,114
FTE Employees at period end ¹	1,074	1,019	1,105
Earnings per share (€)	0.107	0.178	0.861
Fully diluted earnings per share (€)	0.106	0.176	0.856
Number of shares outstanding at period end	30,754,797	30,754,797	30,754,797
Fully diluted number of shares at period end	31,626,781	31,962,888	31,630,781
Average number of shares	30,754,797	30,555,690	30,706,114
Average number of fully diluted shares	30,908,126	30,906,745	30,896,281

¹ Includes 85 Shape Games employees (FTE: 77)

Definitions

Cash flow (excluding working capital and M&A)

Cash flow from operating and investing activities excluding movements in working capital and acquisitions

Customer/partner

B2C operator to whom Kambi provides services

Earnings per share, fully diluted

Profit after tax adjusted for any effects of dilutive potential ordinary shares divided by the fully diluted weighted average number of ordinary shares for the period

EBIT

Earnings before interest and taxation, equates to operating profit

EBITA (acq)

Earnings before interest, taxation and amortisation on acquired intangible assets

EBITDA

Earnings before interest, taxation, depreciation and amortisation on both acquired intangible assets and capitalised development costs

Gross Gaming Revenue

Gross Gaming Revenue (GGR) is the amount wagered minus the winnings returned to the players

Kambi Turnover Index

In the interest of commercial sensitivity and instead of disclosing actual turnover figures, Kambi presents its customers' sports betting turnover as an index called The Kambi Turnover Index, with the first quarter of 2014 indexed at 100

Net cash

Total cash less debt at period end

Net Gaming Revenue

Net Gaming Revenue (NGR) is GGR less deductible costs such as gaming tax

Operator trading margin

The operator trading margin is the GGR as a percentage of Operator turnover

Operator turnover

Operator turnover is defined as total real money stakes placed with operators by end users

Commercial explanations

Bet Builder

A product which gives bettors the opportunity to combine individual selections in the same game with a single betslip

Cost development

As detailed during the 2023 Capital Markets Day, Kambi's long-term cost strategy includes a potential slowdown in underlying cost growth as significant cost efficiencies and synergies are realised whilst retaining a scalable business model. Core elements of the cost development include:

- Focused product reinvestments
- Depreciation & amortisation increase
- Additional costs from new modules
- Additional costs from algorithmic trading
- Significant savings and synergies across these areas

Currency effects

Kambi's principal currency is the Euro, which is also the reporting currency, but has both costs and revenues in certain other currencies, such as SEK, GBP and USD which can be subject to short-term fluctuations

Operating expenses

Operating expenses are a combination of activity-related costs and fixed costs; the main expenses are salaries, office costs, data supplier costs, and consultant costs

Revenue

Kambi charges its operators a fee based on a number of variables including fixed fees, the number of live events offered and commission based on a revenue share of operators' GGR less deductible costs, such as certain capped marketing incentives and tax (i.e. NGR).

To promote and support growth, some of the customer contracts include tiers with lower commission rates on the higher levels of their sports betting revenues.

Second and third-generation trading

Second generation trading is odds compiling and trading by humans with the assistance of algorithmic models, while the third-generation trading capability developed in-house by Kambi is odds compiling and trading by algorithmic models with the assistance of humans

Overview of US partners

Below, Kambi details the US states in which it is live and generating revenue:

✓ = Retail and online ✓ = Retail ✓ = Online

State	Affinity	CDI	Desert Diamond	Four Winds	JACK	Kindred	ilani	Miami Valley	Oaklawn	Parx	PENN	Pota-watomi	RSI	Seneca	Soaring Eagle
Arizona		✓	✓			✓					✓		✓		
Arkansas		✓							✓						
Colorado											✓		✓		
Connecticut													✓		
Illinois											✓		✓		
Indiana				✓		✓					✓		✓		
Iowa	✓										✓		✓		
Kansas											✓				
Louisiana		✓									✓		✓		
Maryland		✓								✓	✓		✓		
Massachusetts											✓				
Michigan		✓		✓						✓	✓		✓		✓
Mississippi											✓				
New Jersey						✓				✓	✓		✓		
New York		✓											✓	✓	
Ohio					✓			✓		✓	✓		✓		
Pennsylvania		✓				✓				✓	✓		✓		
Tennessee											✓				
Virginia						✓					✓		✓		
Washington						✓	✓								
West Virginia											✓		✓		
Wisconsin												✓			

Partner signings and extensions

Below, Kambi details all partner signings and extensions completed during the quarter across the Kambi Group:

Kambi Group company	Partner	Territory	Contract type	Channel
Abios	Clout Fantasy	US	New	Online
Abios	Tracker	US	New	Online
Kambi	Corredor Empresarial S.A.	Latin America	Extension	Online and retail
Kambi	Del Lago Resort & Casino	New York, US	New	Retail
Kambi	Miami Valley Gaming	Ohio, US	New	Retail
Kambi	Potawatomi Casinos & Hotels	Wisconsin, US	New	Online and retail
Kambi	Rush Street Interactive	Americas	Extension	Online and retail
Kambi	Sun International	South Africa	Extension	Online and retail
Shape Games	Betsson Group	Canada	New	Online
Shape Games	Wagr	US	New	Online

Launches

Below, Kambi details all launches during and after the quarter:

Partner	Territory	Online	Retail	Number of properties
CDI	New York, US		✓	1
JACK	Ohio, US	✓	✓	2
Kindred	Washington, US		✓	1
Miami Valley	Ohio, US		✓	1
Ondiss Casino Club	Argentina	✓		
Parx	Ohio, US	✓		
	Pennsylvania, US		✓	1
PENN	Massachusetts, US	✓	✓	1
	Ohio, US	✓	✓	4
Potawatomi	Wisconsin, US		✓	2
RSI	Connecticut, US		✓	1
	Ohio, US	✓		
	Virginia, US		✓	1